



Is This Event Worth It?

Hands-on Calculation of Event ROI

An nTAG Interactive White Paper



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Hands-on Calculation of Event ROI

Calculating ROI on meetings and conferences is at best challenging and at worst frustratingly inconclusive. Of course, the **I** in ROI is pretty straightforward. You figure out how much the event costs, and that's your **I**nvestment. But what do you measure to prove success? How do you take different factors into account? And how do you assign a value to something like a long conversation with a prospect or how many customers attend a session on your product roadmap?

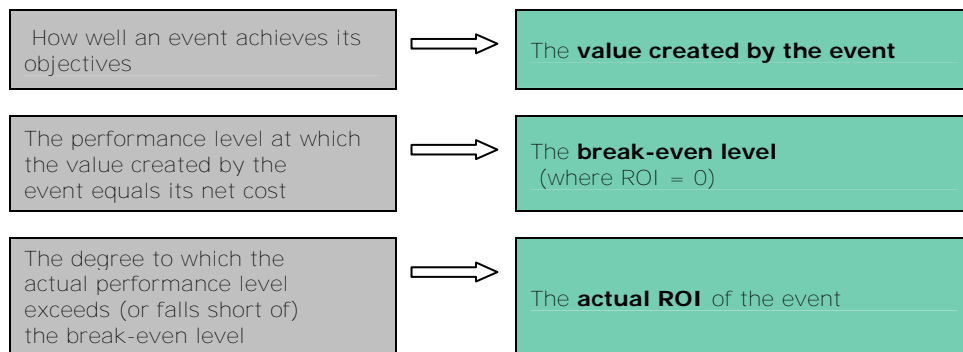
The five steps

1. *Establish your investment and objectives.*
2. *Decide which metrics you'll use to assess how well you met your objectives.*
3. *Determine the break-even performance for each metric.*
4. *Collect the data.*
5. *Run the numbers.*

You could hire consultants to analyze the impact your meeting has on your company's business performance. Their approach would be meticulous but time-consuming and rarely practical for analyzing event ROI. At the other end of the spectrum, you could work with rougher yardsticks like return on event (ROE) or return on objectives (ROO). They are easier to execute but perhaps a bit too fuzzy.

Or you could use an approach that balances rigor with practicality. Here's a straightforward five-step process that allows event teams to demonstrate the ROI of their efforts, an approach that's based entirely on data within their control to collect. This method may not produce perfection, but it offers a real-world, manageable way to quantify event success.

The concept is this: You determine the value of your event by measuring how well it achieves all of its objectives; events typically have multiple objectives. There is some "break-even" performance level where the total value created from the achievement of each of the objectives equals the net cost to hold the event. At this performance level, the ROI of the event would be 0. Therefore, the actual ROI of the event is the proportional difference between your break-even level – where the ROI equals zero – and the actual results.



The concept underlying the five step process: The actual ROI of an event is equal to the proportional difference between the break-even level – where the value created by the event equals the net cost of the event – and the actual value.

Based on this concept, these five steps enable you to measure your event ROI:

1. Establish your investment and objectives.
2. Decide which metrics you'll use to assess how well you met your objectives.
3. Determine the break-even level for each metric.
4. Collect the data.
5. Run the numbers.

This process has evolved and proven itself at large and small companies across industries. It works for sales training, user conferences, customer events, association gatherings, executive meetings, and channel partner conferences. Exhibitors can use it, too, to assess the ROI of tradeshow participation.

Let's walk through the process of calculating ROI, following the example of a user conference.

Determine your investment and objectives

Events are expensive. You have costs: hotels, food, entertainment, travel, A/V equipment, etc. Add in opportunity costs – what would your employees be doing if they weren't working the show? From this total cost, subtract out income from attendees, sponsors, and exhibitors. This is your investment. Put it aside for the moment – you'll need it again in step 3.

Next come the objectives. Every meeting has its own mix of goals. For our user conference example, our planners want to enhance brand perception, promote purchases and upgrades, increase customer loyalty, give them a better handle on customer needs, and make next year's event even more productive.

However, not all these objectives are equally important. For instance, our planners have decided that increasing customer loyalty is much more important than growing attendance at next year's meeting. So we'll weight the objectives, assigning a percentage to each so the combined weights of the objectives add up to 100%.

To determine ROI, define your objectives in terms of business value, not event operations factors like attendee satisfaction with the food and beverage or venue.



Type of Event	Some Typical Objectives (with example weights)
<i>User/customer conference</i>	Enhance brand perception (25%) Promote purchases and upgrade (25%) Increase customer loyalty/reduce defections (30%) Understand customer needs (10%) Grow event next year (10%)
<i>Sales meeting</i>	Train team (50%) Motivate staff (40%) Increase employee loyalty/reduce turn-over (10%)
<i>Association congress</i>	Provide value for association members (education/certification, professional networking vendor research, business development ...) Generate profits (40%) Grow event next year (30%)
<i>Channel partner conference</i>	Promote channel investment (45%) Increase channel effectiveness at selling company products (25%) Increase channel loyalty/reduce defections (15%) Understand partner needs (15%)
<i>Executive team meeting</i>	Promote team building (30%) Achieve information sharing (40%) Accomplish decision-making/business planning (20%) Increase employee loyalty/reduce turn-over (10%)
<i>Trade show (exhibitor/sponsor)</i>	Generate qualified leads (60%) Enhance brand position (40%)
<i>Trade show (organizer)</i>	Generate profits (70%) Grow event next year (30%)

Every event has different objectives. Start by defining your objectives and assigning a weight to each, reflecting its potential to create value.

Build your metrics

Metrics are the criteria by which you measure how well you have met your objectives.

Choosing metrics

In choosing metrics, you have to achieve a balance between the practicality of gathering the data and how directly the measurement ties to real business value. Unfortunately, the closer the metric comes to clearly affecting your bottom line, the harder it is to collect the information. It would be nice to know exactly how much our user conference increased customer loyalty, but how do you separate the effect of the conference from the effect of that new product release or marketing campaign?

Generally, the most practical approach is to choose metrics for which data collection lies within the scope of the conference. Instead of trying to assess the effect of the event on customer defections, assess the change in brand perception from immediately before to

immediately after the event. This metric is intuitively linked to business value, and the data applies directly to the event.

There are two broad types of objectives. Some involve effecting changes in peoples' minds (knowledge, motivation, perception), and others involve collecting data. Some objectives may have components of each type. In order to measure how well you have met your goals, you need metrics that match the type of objective.

Looking back at our example, one of the objectives is Increased Customer Loyalty, which involves changing perceptions. For this objective, the metric is improvement in customer satisfaction score as measured by the difference between pre and post-event survey scores.

Another of our objectives is Understanding Customer Needs, which involves data collection. We'll measure how well we accomplished this objective by looking at the number of new product suggestions we collected from customers who attended the product roadmap presentation (i.e., quantity) and how valuable the product managers found these suggestions (i.e., quality).

Weighted Objectives for a User Conference	Metrics
<i>Enhance brand perception (25%)</i>	Immediate improvement in brand perception score (100%)
<i>Promote purchases and upgrades (25%)</i>	Qualified leads captured (60%)
	Improvement in intent-to-purchase score (40%)
<i>Increase customer loyalty/ reduce defections (30%)</i>	Improvement in customer satisfaction score (100%)
<i>Understand customer needs (10%)</i>	Number of high-quality responses to product roadmap presentation (100%)
<i>Grow event next year (10%)</i>	Year-over-year growth (100%)

Determine the metrics you will use to assess the achievement of each objective. If you use more than one metric for an objective, assign weights to each.

Weighting metrics

You may use multiple metrics to determine how well a single objective has been achieved. Metrics for the objective Promote Purchases and Upgrades could include the number of leads you collect, as well as a comparison of how attendees answered – before and after the meeting – the question, “Are you contemplating a purchase in the next 3/6/12 months?” If you use more than one metric for an objective, weight them in proportion to their importance in determining how well the event achieves that objective.



Determine the break-even performance for each metric

We need to consider how well the event would need to do to justify the cost. Let's go back to the concept of your **break-even level** – that's where the **value** created at the event **equals** the net **cost** of the event. Since this is about both value and cost, we'll be looking at the metrics (value) and thinking about the investment amount you calculated in the first step.

But where to start? Use your intuition. How much improvement in survey answers would it take to convince you that the show was worth the cost? Perhaps a 40% improvement would thrill you; on the other hand, a 0% improvement would be a real disappointment. Put your break-even point in the middle – say 20%.

Once you have settled on a break-even point for each key metric, go back, do a sanity check, and tweak as needed.

Talk about your estimates with people you respect. Get feedback from your experienced colleagues. Solicit input from the people who count the beans and earn commissions; as stakeholders, they will take a serious – and informed – look at your figures.

Weighted Objectives for a User Conference	Metrics	Break-even Points
Enhance brand perception (25%)	Immediate improvement in brand perception score (100%)	10%
Promote purchases and upgrades (25%)	Qualified leads captured (60%)	100
	Improvement in intent-to-purchase score (40%)	10%
Increase customer loyalty/ reduce defections (30%)	Improvement in customer satisfaction score (100%)	10%
Understand customer needs (10%)	Number of high-quality responses to product roadmap presentation (100%)	80
Grow event next year (10%)	Year-over-year growth (100%)	5%

For each metric, determine your desired break-even point – the result that would make the event just pay for itself.

Collect the data

You're almost done with your planning. But there is another crucial element of preparation: deciding how and when you are going to collect the data you will use to measure success. Of course, it depends what you are measuring ...

You'll use surveys and tests to measure changes in attendee learning, motivation, and perception. Typical survey questions include: How has this conference affected your intent to purchase over the next 3/6/12 months? Are you more likely to continue working with us as a result of this conference? How much has this meeting increased your understanding of the sales tools available to you?



There are many ways to construct questionnaires and quizzes to ensure you get reliable results. You can test knowledge before and after you measure the improvement. You can ask attendees to rate their own improvement. You can even ask attendees to demonstrate new skills and have a supervisor score them.

The secret of incentives

Incentives have a big impact on your ability to obtain survey data from the largest number of attendees. Here are some ideas:

Before the event:

- Give-aways
- Reduced fees
- Entry into raffles

During:

Personal input devices -they make it easy and quick to respond to surveys, plus they are fun to use!

Games - earning points for responses; people like the opportunity to compete and win

After:

Thank you emails to respondents - they will feel appreciated and will be more likely to contribute the next time you survey them.

The metrics for data-collection objectives are quantity and quality. Quantity is generally easy to assess – just count. Quality may require a more subjective judgment; the best assessment will often come from the user of the data. Did the project manager find the survey responses valuable for planning the product strategy? For data like sales leads, there may be well defined rules for quality. How many of the names were of a VP level or higher with an allocated budget?

There are a slew of ways to collect participant feedback. Take advantage of the web, kiosks, even paper and pencil. Personal input devices can play a big role. For example, nTAG's interactive badges enable interactive surveys and facilitate other data collection with real-time reporting.

Run the numbers

You've done your planning, you've spent the money, you've collected your data, and you've recovered from too many hours on your feet. It's time to pull out your calculators. It's so easy that a calculator would do, but let's use a spreadsheet to better illustrate the process.

Create the spreadsheet this way:

- a. Enter the objectives, metrics, and their weights.
- b. Multiply the metric weights by the objective weights to get the contribution that each metric will make to the overall value.
- c. Enter the break-even points and actual results for each metric.
- d. Find the percent difference between the actual scores and break-even point for each objective.
- e. Multiply the overall metric weight by the actual vs. break-even percent, add them up, and subtract 100%.

The illustration on the next page takes you through all these steps for the example of the user conference.

In this example, your event has achieved a 21% ROI. For many, this is enough information. For others, it's a matter of dollars and cents; they want to compare the cost of the event to the dollar value of the objectives you achieve. To satisfy that desire, you simply apply the ROI to the cost. For example, if this user conference cost \$1.4 million, then 21% of that is \$164,000. In other words, your event generated \$164,000 of value for your organization.



A.

Enter your objectives and metrics, along with their weights.

B.

Multiply the objective and metric weights to find the overall metric weight.

C.

Enter the break-even points and actual results.

D.

**Almost there!
Divide the actual results by the break-even point to determine the ratio.**

E.

Finally, multiply the overall metric weight by the ratio and then subtract 100%. The result is your ROI.



Objectives for User Conference	Objective Weight	Metric	Metric Weight for the Objective	Overall Metric Weight	Break-even Level	Actual Results	Ratio	Weighted Difference
<i>Enhance brand perception</i>	25%	Immediate improvement in brand perception	100%	25%	10%	12%	120%	30%
<i>Promote purchases and upgrades</i>	25%	Qualified leads captured	60%	15%	100	150	150%	23%
		Improvement in intent-to-purchase score	40%	10%	10%	15%	150%	15%
<i>Increase customer loyalty</i>	30%	Improvement in customer satisfaction score	100%	30%	10%	10%	100%	30%
<i>Understand customer needs</i>	10%	Responses to product roadmap presentation	100%	10%	80	100	125%	13%
<i>Grow event next year</i>	10%	Year-over-year growth	100%	10%	5%	4%	80%	8%
	100%			100%				121%

ROI = 21%

Keep in mind ...

Yes, some judgment calls and estimations go into these calculations. There are entire studies on the complexities of gathering and analyzing this kind of data. In fact, you will never deliver an ROI figure that is accurate beyond any question or doubt.

On the other hand, don't let the challenge of coming up with perfect ROI measures stop you from delivering good ones. Instead, use this five-step process to perform practical calculations that produce measurable results. That's tangible information that stakeholders can really sink their teeth into.

About nTAG™

nTAG Interactive is the leader in Event Data Management (EDM). The nTAG real-time event data management system helps event organizers and participants to achieve their event objectives -- business development, education, motivation, market research, customer loyalty, team building, and brand promotion. Built around the first interactive name badge, the nTAG system provides advanced tools for targeted networking, session interactivity, and lead generation. It also delivers never-before-available data for marketing and ROI analysis, and it automates on-site logistics (attendance tracking, surveys, messaging, agenda publication and more). nTAG has been used at events for IBM, Procter and Gamble, Lucent, WellPoint, MasterCard, General Electric, Johnson and Johnson, and many others. To learn more about how nTAG can help make your next event a success, please call 877-NTAG-YES or visit nTAG on the web at www.ntag.com.

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