


The Trend to Custom Modular Exhibits

**Comparing Custom Modular to
Traditional Custom Exhibits**

An exclusive industry analysis by
Skyline Exhibits & Tradeshow Week

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TABLE OF CONTENTS

- I. Introduction
- II. Executive Summary..... p.1
- III. Custom vs. Modular Weight Comparison..... p.2
- IV. Exhibitor and Event Marketing Trends and Survey Results..... p.3
- V. White Paper Process p.16



INTRODUCTION

Skyline Exhibits and **Tradeshow Week** magazine have worked together to develop this exclusive report on the key trends impacting exhibit design across all sectors of the event marketing industry.

Over the past few years, exhibitors in general have been pressured to watch costs and increase ROI. That is, they have been asked by corporate management to do more with less. One of the strategies we've seen develop is for exhibitors to use more modular and portable exhibits, as well as lighter weight materials. We developed this study to attempt to qualify some of these trends.

The data in this report was gathered from a survey of leading corporate exhibitors and event marketers. In May and June 2006, a total of 273 exhibitors took part in a unique industry survey.

Skyline Exhibits

3355 Discovery Road
St. Paul, MN 55121
Phone: 651-234-6000
Or 1-800-328-2725
www.skyline.com

Tradeshow Week

5700 Wilshire Boulevard, Suite 120
Los Angeles, CA 90036 USA
Phone: (323) 965-5300
Fax: (323) 965-5304
www.tradeshowweek.com

EXECUTIVE SUMMARY

This section of the report spotlights key factors that exhibitors believe are most important when making decisions regarding their exhibit design strategies.

- The main challenges facing exhibit programs are all related to cost issues:
 1. Internal Budget Issues 68%
 2. On-Site Labor Issues and Costs 57%
 3. Drayage Costs 55%
 4. Material and Design Costs 51%
- Fifty-five percent of exhibitors surveyed said they agreed that "lightweight custom exhibits provide higher value, ROI and other advantages than traditional custom exhibits." Eighteen percent disagreed with this statement and 27% said that they "don't know."
- Thirty-seven percent of exhibitors said that over the next two years they will "use more modular/portable exhibits" and "more Hybrid custom exhibits." This is nearly four times greater than the 10% that said they plan to "use more custom exhibits" over the next two years.
- The survey asked exhibitors a series of questions about their exhibit and event marketing programs. The percentage that said "very important" and "moderately important" are grouped together below. The survey asked "How important is..."
 - Using exhibit structures and properties that provide an ease of set-up and tear-down: 98% of exhibitors.
 - Using exhibit structures and properties that help reduce your total exhibition shipping and drayage costs: 97% of exhibitors.
 - Using exhibit structures and properties that help reduce your total exhibit refurbishment, graphics and general branding costs: 97% of exhibitors.
 - Using exhibit structures and properties that provide the ability to have a consistent look and brand message: 97% of exhibitors.
 - Using exhibit structures and properties that provide flexibility and ability to change out graphics or easily adapt for different booth sizes: 96% of exhibitors.
 - Having the ability to create excellent designs with multiple exhibit systems that integrate together with large format graphics: 87% of exhibitors.
 - Using exhibit structures and properties that provide an ease of blending both purchased and rented components: 69% of exhibitors.
- Almost all exhibitors (93%) participating in this study believe rising exhibition and event costs (excluding travel and lodging related costs) are either very or moderately serious issues facing their organization.
- Many exhibitors report an increased focus on cutting costs - specifically, shipping, drayage and I&D. While cutting the overall number of shows is cited by several exhibitors, others are saving on exhibit costs by renting booths or using lightweight pop-up exhibits.
- Ninety-three percent of exhibitors taking part in this survey are either the primary decision-maker for their organization's event marketing budget expenditures or influence budget decision.

CUSTOM VS. MODULAR WEIGHT COMPARISON

To further analyze the differences between modular/portable exhibits and traditional custom exhibits, the research team analyzed properties listed on two web sites that market used exhibits, ExhibitTrader and World Exhibit Brokers. The analysis found that the average pounds per square foot of exhibit structure is 9.9 for custom island booths. For modular island booths the average weight per square foot was 3.9 pounds. The custom island booths in the sample were on average 154% heavier per square foot than the modular/portables in the analysis.

CUSTOM ISLAND EXHIBITS COMPARED TO MODULAR ISLAND EXHIBITS

	Average Square Footage	Average Shipping Weight	Average Pounds Per Square Foot
CUSTOM ISLAND EXHIBITS (42 IN SAMPLE)	36,800	365,478	9.9
MODULAR ISLAND EXHIBITS (13 IN SAMPLE)	8,400	32,889	3.9

Source: ExhibitTrader and World Exhibit Brokers

COMPARISON OF EXHIBIT TYPES: SURVEY RESULTS

This section of the report looks at the results of the exhibitor survey. The questions are presented just as they were in the live survey, followed by the answer options and percentage of exhibitor responses.

- The survey results are broken into five sections:
 - Exhibit Budgets and ROI
 - Exhibit Structures
 - Custom Exhibits
 - Future Trends and Challenges
 - Survey Respondents

EXHIBIT BUDGETS AND ROI

Overall, exhibitors indicate that budgets for exhibit design, construction and refurbishment are flat this year, with an 1.3% increase vs. 2005. Recently, exhibit design expenditures have included a wave of technology upgrades along with a shift toward lighter weight exhibits to counter the costs of shipping, drayage, set up and tear down.

SURVEY QUESTION: HOW HAS YOUR BUDGET FOR EXHIBIT DESIGN, CONSTRUCTION AND REFURBISHMENT CHANGED IN 2006 OVER 2005?

	PERCENTAGE OF EXHIBITORS
INCREASE	28.3%
DECREASE	17.0%
SAME	54.7%
OVERALL % CHANGE	1.3%

SURVEY QUESTION: WHAT IS YOUR OUTLOOK FOR YOUR EXHIBIT DESIGN, CONSTRUCTION, AND REFURBISHMENT BUDGET IN 2007 VS. 2006?

	PERCENTAGE OF EXHIBITORS
INCREASE	26.9%
DECREASE	8.5%
SAME	64.6%
OVERALL % CHANGE	4.0%

SURVEY QUESTION: DO YOU FEEL THAT LIGHTWEIGHT CUSTOM EXHIBITS PROVIDE HIGHER VALUE, ROI AND OTHER ADVANTAGES THAN TRADITIONAL CUSTOM EXHIBITS?

	EXHIBITORS
YES	55%
NO	18%
DON'T KNOW	27%

SURVEY QUESTION: PLEASE PROVIDE OR ESTIMATE THE AVERAGE COST PER SQUARE FOOT WHEN YOU USED THE FOLLOWING TYPES OF EXHIBIT STRUCTURES AT IMPORTANT EXHIBITIONS AND EVENTS. THAT IS, ESTIMATED DOLLAR COST PER SQUARE FEET AT KEY EVENTS.

	ESTIMATED DOLLAR COST PER SQUARE FEET AT KEY EVENTS
CUSTOM (FULL-SCALE)	\$256
LIGHTWEIGHT CUSTOM, HYBRID EXHIBITS (INCORPORATING BOTH CUSTOM AND MODULAR ELEMENTS)	\$138
MODULAR/PORTABLE	\$96
"POP-UP"	\$77

EXHIBIT STRUCTURES

Two-thirds (67%) of all exhibitors taking part in this study use Custom (full-scale) exhibits. Most exhibitors (86%) track the weight of their exhibits, either very or moderately closely to estimate drayage fees.

SURVEY QUESTION: WHAT TYPES OF EXHIBIT STRUCTURES DO YOU CURRENTLY USE?

	EXHIBITORS
CUSTOM (FULL-SCALE)	67%
"POP-UP"	63%
MODULAR/PORTABLE	48%
LIGHTWEIGHT CUSTOM, HYBRID EXHIBITS (INCORPORATING BOTH CUSTOM AND MODULAR ELEMENTS)	42%
OTHER, PLEASE SPECIFY	8%

SURVEY QUESTION: HOW CLOSELY DO YOU TRACK THE WEIGHT OF YOUR EXHIBITS IN ORDER TO ESTIMATE DRAYAGE FEES?

	EXHIBITORS
VERY CLOSELY	32%
MODERATELY CLOSELY	54%
NOT AT ALL	13%
DON'T KNOW	1%

SURVEY QUESTION: HOW IMPORTANT IS HAVING THE ABILITY TO CREATE EXCELLENT DESIGNS WITH MULTIPLE EXHIBIT SYSTEMS THAT INTEGRATE TOGETHER WITH LARGE FORMAT GRAPHICS?

	EXHIBITORS
VERY IMPORTANT	56%
MODERATELY IMPORTANT	31%
NOT AT ALL IMPORTANT	7%
DON'T KNOW	7%

SURVEY QUESTION: HOW IMPORTANT IS USING EXHIBIT STRUCTURES AND PROPERTIES THAT HELP REDUCE YOUR TOTAL EXHIBITION SHIPPING AND DRAYAGE COSTS?

	EXHIBITORS
VERY IMPORTANT	67%
MODERATELY IMPORTANT	30%
NOT AT ALL IMPORTANT	2%
DON'T KNOW	1%

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	75%
MODERATELY IMPORTANT	22%
NOT AT ALL IMPORTANT	1%
DON'T KNOW	2%

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	81%
MODERATELY IMPORTANT	15%
NOT AT ALL IMPORTANT	3%
DON'T KNOW	1%

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	83%
MODERATELY IMPORTANT	14%
NOT AT ALL IMPORTANT	2%
DON'T KNOW	1%

SURVEY QUESTION: HOW IMPORTANT IS USING EXHIBIT STRUCTURES AND PROPERTIES THAT PROVIDE AN EASE OF BLENDING BOTH PURCHASED AND RENTED COMPONENTS?

	EXHIBITORS
VERY IMPORTANT	27%
MODERATELY IMPORTANT	42%
NOT AT ALL IMPORTANT	27%
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	69%
MODERATELY IMPORTANT	29%
NOT AT ALL IMPORTANT	2%
DON'T KNOW	1%

CUSTOM EXHIBITS

The top three reasons exhibitors currently use a hybrid custom exhibit design are:

1. Re-configurable, Flexible 39%
2. Price and budget requirements 30%
3. Lightweight 22%

SURVEY QUESTION: IF YOU CURRENTLY USE A HYBRID CUSTOM EXHIBIT DESIGN, PLEASE INDICATE THE REASONS.

	EXHIBITORS
RE-CONFIGURABLE, FLEXIBLE	39%
PRICE AND BUDGET REQUIREMENTS	30%
LIGHTWEIGHT	22%
PORTABLE	12%
DESIGN REQUIREMENTS	7%
OTHER, PLEASE SPECIFY	5%
DO NOT CURRENTLY USE A HYBRID CUSTOM EXHIBIT DESIGN	49%

FUTURE TRENDS AND CHALLENGES

The main challenges facing exhibit programs are:

1. Internal Budget Issues 68%
2. On-Site Labor Issues and Costs 57%
3. Drayage Costs 55%
4. Material and Design Costs 51%

SURVEY QUESTION: IN THE NEXT TWO YEARS HOW DO YOU BELIEVE THAT YOUR ORGANIZATION'S EXHIBIT USAGE WILL CHANGE?

Thirty-seven percent of exhibitors said that over the next two years they will "use more modular/portable exhibits" and "more Hybrid custom exhibits." This is nearly four times greater than the 10% that said they plan to "use more custom exhibits" over the next two years.

	EXHIBITORS
FEW CHANGES, OUR ORGANIZATION WILL LIKELY KEEP THE SAME TYPES OF DESIGN ELEMENTS	38%
USE MORE MODULAR/PORTABLE EXHIBITS	21%
USE MORE HYBRID CUSTOM EXHIBITS	16%
USE MORE CUSTOM EXHIBITS	10%
DON'T KNOW	15%



SURVEY QUESTION: WHAT ARE THE MAIN CHALLENGES THAT YOU ARE FACING REGARDING YOUR EXHIBIT PROGRAMS?

	EXHIBITORS
INTERNAL BUDGET ISSUES	68%
ON-SITE LABOR ISSUES AND COSTS	57%
DRAYAGE COSTS	55%
MATERIAL AND DESIGN COSTS	51%
TRANSPORTATION/EXHIBIT TRACKING AND LOGISTICS	38%
BOOTH STAFFING ISSUES	26%
DESIGN ISSUES	25%
STORAGE ISSUES	22%
WORKING WITH EXHIBIT HOUSES/SUPPLIERS	16%
OTHER, PLEASE SPECIFY	8%



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	42%
MODERATELY SERIOUS	51%
NOT SERIOUS - NOT A CONCERN	6%
DON'T KNOW	0%

SURVEY QUESTION: HOW SERIOUS IS THE ISSUE OF RISING EXHIBITION AND EVENT COSTS (EXCLUDING TRAVEL AND LODGING RELATED COSTS) TO YOUR ORGANIZATION?

Many exhibitors report an increased focus on cutting costs - specifically, shipping, drayage and I/D. While cutting the overall number of shows is cited by several exhibitors, others are saving on exhibit costs by renting booths or using lightweight exhibits.

Below are some of the verbatim responses provided by exhibitors.

- As we have consolidated divisions, we are looking at the best practices of each and incorporating them into one strategy.
- Built hybrid, lighter weight exhibit to reduce drayage, shipping, I/D.
- Changed very little, except we are doing fewer shows due to rising costs.
- Changed with the brand and we now have 1 exhibit house instead of 20+.
- Consistent over the past three years.
- Developed contained mobile display.
- Developed new programs regarding display use, product to display and new exhibit assets.
- Dramatic decrease in budget (50%) from 2004 to 2005.
- Eliminated poor performing shows, changed some shows to district shows vs. national responsibility.
- Elimination of shows.
- Except for one big show where we have increased our presence, many shows have been eliminated or downsized.
- Get bigger, get better and more cost effective.
- Go to less shows.
- Going smaller to save money on all areas.
- Going to fewer shows.
- Hasn't because we just purchased a new more flexible property that can be used with 10,000 sq. ft. booths as well as 400 sq. ft.
- I have gotten the majority of our divisions to understand the concept of utilizing existing properties with minor redress for different audiences.
- Increase of shows and type.
- Increased usage versus limited usage.
- Instead of a custom we are incorporating a leasing/rental option.
- Interchanging large exhibit events with smaller events supported with more direct marketing campaigns and e-Campaigns.
- Migrated to more AV, less static graphics in 2005. New management switched priorities to more static graphics in 2006.
- More disposable parts that don't require 2-way shipping.
- More emphasis on ROI.
- More focus on cost with higher expectations on look.
- More international custom rentals.

- More lightweight materials.
- More local exhibitions.
- More pop up and more small shows.
- Smaller, lightweight properties to save on rush or air shipping charges. Be able to correctly brand several concurrent events.
- More use of streaming video and standard GEM light boxes with graphic film transparencies.
- Moved from Heavy Custom to lightweight re-configurable.
- Moving away from product display to "experience" display.
- Now - light and easy to set up is the way to go. Complex structures are no longer an efficient booth. Streamlining to a lighter booth that is quick to install.
- Reduce overall square footage / greater emphasis on what we do in the space.
- Scaled down both the weight and complexity.
- Shifting from strictly custom to custom/modular/rental.
- Targeting custom exhibits with multiple use rental approach.
- Tradeshow have been marginalized and cut way back. We are doing 33% less shows and doing them cheaper than ever.
- Trying to find an affordable design and still carry impact.
- Trying to use more portables with a high-end look vs. mid-level modular or custom properties.
- We are looking into more options on flexibility of the display to fit the show, yet be able to utilize existing graphics when necessary. Also to save on costs of using an exhibit house.
- We are participating in fewer trade shows to reduce costs. The size of the booth space rented is shrinking to adjust the budget.
- We are very conscious of the image we project at shows and will spend more to look more professional. Brand consistency is critical.
- We have gone to a cleaner/less cluttered look. Rental properties rather than heavy drayage charges.
- We have gone to very portable posters for our 10' booth and using all 10' booths.
- We have had so many changes within the company with acquisitions that we need to change our ways of exhibiting to the public to show how our company has expanded.
- We implemented a custom exhibit that is easy to put on the show floor and given us more room in our floor space to add components for each year.
- We no longer want a large structure but want to create a comfortable lounge.
- We purchased a 10x10 popup and are now using it for smaller regional shows. We only use our modular 10x20 for large national shows 3 times a year. This strategy allows us to attend more shows and yet reduce our overall exhibit costs since we are paying little or no drayage and labor costs.

SURVEY RESPONDENTS

Exhibitors that responded to this survey are split fairly equally across the low and high end range of 2005 total gross sales - 24% estimate total gross sales less than \$25,000,000 and 21% estimate total gross sales over \$1 billion. Ninety-three percent of exhibitors taking part in this survey are either the primary decision-maker for their organization's event marketing budget expenditures or influence budget decisions.

SURVEY QUESTION: WHICH OF THE FOLLOWING BEST DESCRIBES YOUR ORGANIZATION'S PRIMARY INDUSTRY?

	EXHIBITORS
MANUFACTURING & INDUSTRIAL	42%
TECHNOLOGY & TELECOMM	12%
HEALTH CARE & PHARMACEUTICAL	7%
PUBLISHING	5%
FINANCIAL SERVICES/LEGAL	3%
AVIATION & AEROSPACE	2%
ADVERTISING & MARKETING	1%
APPAREL	1%
AUTOMOTIVE & TRUCKING	1%
BUILDING & CONSTRUCTION	1%
EDUCATION	1%
ENGINEERING	1%
FOOD SERVICE & PROCESSING	1%
HOSPITALITY, HOTELS & RESORTS	1%
PRINTING & PHOTOGRAPHY	1%
SECURITY	1%
OTHER, PLEASE SPECIFY	19%

SURVEY QUESTION: CAN YOU PROVIDE AN ESTIMATE FOR YOUR ORGANIZATION'S TOTAL GROSS SALES IN 2005 OR THE MOST RECENT FISCAL YEAR?

	EXHIBITORS
LESS THAN \$25,000,000	24%
\$25,000,000 TO \$49,999,999	9%
\$50,000,000 TO \$99,999,999	14%
\$100,000,000 TO \$499,999,999	19%
\$500,000,000 TO \$749,999,999	7%
\$750,000,000 TO \$999,999,999	6%
\$1 BILLION OR MORE	21%

SURVEY QUESTION: WHAT IS YOUR PRIMARY JOB FUNCTION WITHIN YOUR ORGANIZATION?

	EXHIBITORS
CHAIRMAN/CEO/PRESIDENT	5%
SENIOR EXECUTIVE - NON-MARKETING	1%
VICE PRESIDENT, MARKETING (EVP, SVP)	6%
DIRECTOR OF MARKETING	9%
MARKETING MANAGER	17%
EXHIBIT OR EVENT MARKETING DIRECTOR	5%
EXHIBIT OR EVENT MARKETING MANAGER	29%
SALES DIRECTOR OR MANAGER	4%
MARKETING COORDINATOR	12%
OTHER, PLEASE SPECIFY	12%

SURVEY QUESTION: ARE YOU THE PRIMARY DECISION-MAKER FOR YOUR ORGANIZATION'S EVENT MARKETING BUDGET EXPENDITURE?

	EXHIBITORS
YES, I AM THE PRIMARY DECISION-MAKER	34%
NO, I INFLUENCE BUDGET DECISIONS	59%
NO, I HAVE NO IMPACT ON BUDGET DECISIONS	7%



WHITE PAPER PROCESS

The data and analysis presented in this special industry report has been developed jointly by Skyline Exhibits and *Tradeshow Week*. The majority of the source data has been provided from surveys of hundreds of exhibitors conducted in 2006. The research-based report was developed to help exhibitors understand the trends impacting their event marketing programs. Skyline Exhibits and *Tradeshow Week* have developed The Trend to Custom Modular Exhibits as part of a series of reports. Four additional reports have also been developed. These other reports focus on the Manufacturing & Industrial, Medical & Healthcare, Professional & Business Service industries and Information Technology. To access these reports, please go to www.skyline.com/whitepapers.

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Phone: 800-328-2725 • Fax: 651-234-6571
www.skyline.com



Tradeshaw Week

5700 Wilshire Blvd., Ste. 120 • Los Angeles, CA 90036
Phone: (323) 965-5300 • Fax: (323) 965-5304
www.tradeshawweek.com