

# 2010 Virtual Market Outlook Report



## *The current state of virtual events and guidance on creating effective online experiences*

Perhaps no other issue presents as much opportunity or challenge to the modern brand marketer, public relations executive or similar professional charged with designing corporate communication strategy than how to best adopt and integrate online communication platforms into the traditional integrated marketing mix.

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At the forefront of this conversation are virtual events and all the various formats that fall under that wide umbrella, from desktop sharing and webcasts, to 3D environments and multi-day conferences with trade shows.

Even as corporate teams experiment with and in some cases wholly adopt virtual as a vital component of their go-to-market plan, the standards around virtual are at best nascent. Decision-making around budget allocation, data strategy, integration with other channels, experience design, measurement and other key areas lacks a well-defined framework. Simply put, the market is still figuring out the full potential of virtual and how to best harness its power.

This lack of clear definition hasn't hampered the pace of innovation. Sensing an emerging market, corporate teams, marketing agencies and technology providers are investing heavily in the talent, resources and tools to stitch together custom virtual solutions that drive corporate objectives.

It's this rush to develop a cohesive vision around virtual that necessitated the creation of this landmark 2010 Virtual Marketing Outlook Report, the largest study to date on the state of virtual events and how they are being deployed for optimal business impact.

Based on a survey of 889 participants in the virtual market, the data and insights in the following pages indicate that in the face of economic uncertainty and driven by the need to constantly refresh how brands and audiences connect with one another, virtual is a bigger part of the conversation than ever before. One clear takeaway: now is the time to develop your strategy.

It's our hope that the 2010 Market Outlook Report and its future versions will provide you with some of the information you need to make more informed decisions, while at the same time enabling you to benchmark your strategy against peer organizations. It's our privilege to facilitate this information resource you need to succeed right now and in the years to come.

## Top Ten Facts

10. 37% of respondents said their companies **produce hybrid events**, which include a physical and virtual component
9. Among the sample of companies with more than \$250 million in revenue, 55% of respondents indicated that they use virtual meetings and events for **lead generation**
8. Among the sample of companies with more than \$250 million in revenue, 70% of respondents indicated that they **use virtual meetings and events for conferences**
7. 25% of respondents said they would not consider using **virtual meeting technology for sales calls**
6. Of the top 10 virtual activities, 48% indicated they participated in a **virtual trade show**
5. 55% of respondents indicated that they would use virtual meetings and events for **lead nurturing**
4. The vast majority of respondents have much **more exposure to and familiarity with webcasts/webinars than they do more robust virtual solutions** such as virtual trade shows or hybrid events
3. When implementing a virtual meeting or event, 89% of respondents indicated that **“ease of use for attendees”** was critically important, followed by “ROI” at 64%
2. 39% of respondents anticipate an **increase in their virtual meeting and event** budget in 2010
1. 48% of respondents **are not sure of their virtual meeting and event** budget in 2010

## Methodology

Through a unique collaboration between the Virtual Edge Institute, the Lattanze Center at Loyola University Maryland and George P. Johnson Experience Marketing, an online survey of 889 active participants in the virtual community was conducted from December 2009-January 2010. Respondents included senior-level practitioners within corporate marketing and agency teams (10%), meetings professionals (20%) and technology providers (31%). Approximately 20% of respondents indicated their organization produced \$100 million+ in annual revenue.

Sixty one percent of the respondents said that they were involved in some way with event marketing and 56 percent indicated that they had responsibilities in connection with organizing external meetings. The top four job titles for respondents were President/CEO (26 percent), other management (24 percent), vice president/director/manager events (11 percent) and vice president/manager/director marketing (11 percent).

### **A Word on Defining “Virtual”**

For the purposes of creating a statistically reliable data set and developing a cohesive story, it was necessary for this report to attempt to define “virtual” for respondents. Towards this goal, a virtual event was defined as “a gathering of many people connected through a common online environment.”

- A virtual event could be a trade show, webcast, online job fair, a conference or other events of similar scale
- A virtual environment was defined as a computer-hosted, simulated environment, such as Second Life and role playing games.
- A web or virtual meeting was defined as an online meeting involving only a few people that requires a minimum of formal planning or preparation, such as a small format desktop-share

# Organizational Perspectives on Virtual Meeting and Events

## **Top Marketing Concerns**

The ubiquity of high-bandwidth connectivity and availability of low or no-cost communication and publishing tools is forcing the entire marketing ecosystem—from the corporate marketing teams all the way through to the customer—to break down traditional barriers to communication, enabling one-to-one dialog more cheaply than ever before.

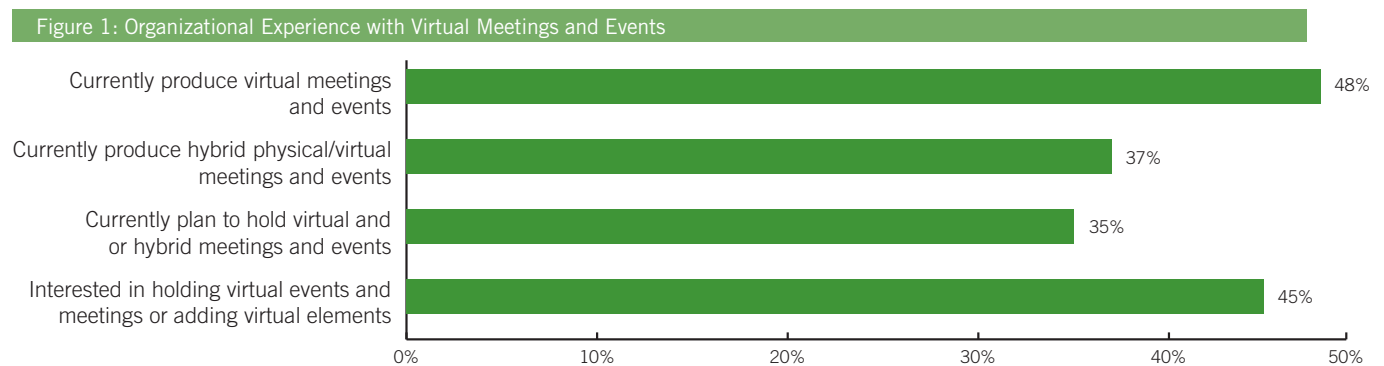
Formal press releases, analyst calls and even customer support calls/emails have given way to 24/7 blog, social media and Twitter conversations about everything from a company's products to its stock price...along with the expectation that comments, reviews and questions will be answered immediately no matter the forum in which they are aired.

It's in this complex environment that virtual meetings and events are flourishing, providing brand marketers not only with the platforms to communicate directly with audiences and foster community, but at the same time restoring a certain amount of control of the conversation to the marketer. With virtual, marketers choose the time and place to engage the marketplace (with the exception of on demand platforms). Marketers create the instant message, chat, Q&A, forums and other tools by which customers, prospects, media, analysts, partners and other audiences can find one another and engage the brand.

And for those in the event marketing field, virtual meetings and events are creating new opportunities above and beyond reigning in costs and improving some aspects of the brand-audience dialog. Virtual enables truly integrated marketing campaigns that put live experiences at the center of strategy, giving new life to traditional trade show, conference, sponsorship, road show, press events and other forms of experiential marketing programs.

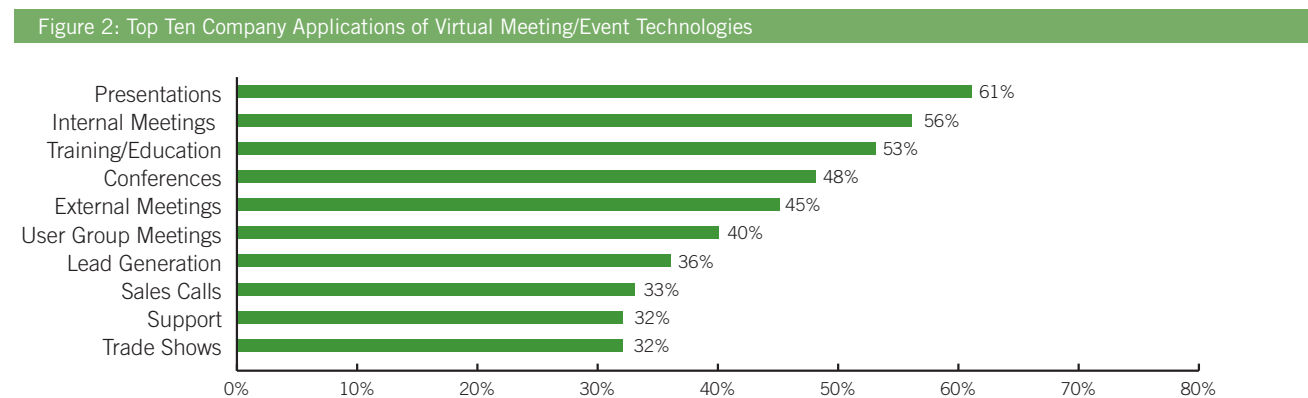
With that potential in mind, it's important to first establish a baseline of virtual meeting and event best practices, uses and spending patterns.

As Figure 1 shows, a relatively large number of respondents have experience with virtual meetings and virtual events. In fact, nearly half (48 percent) indicated that their organizations already produce virtual meetings or events. More than a third (37 percent) said that their companies produce hybrid events that include a physical component and a virtual component. And interest in the use of virtual events is high. Forty five percent of the respondents said that they are exploring the possibility of holding virtual events or adding virtual elements to their existing events.



## Virtual Event Business Applications

Moreover, companies are using virtual meeting and event technology for a broad range of applications (Figure 2) which break down neatly between simple presentation tools such as webcasts and webinars versus more robust solutions such as virtual conferences or trade shows.

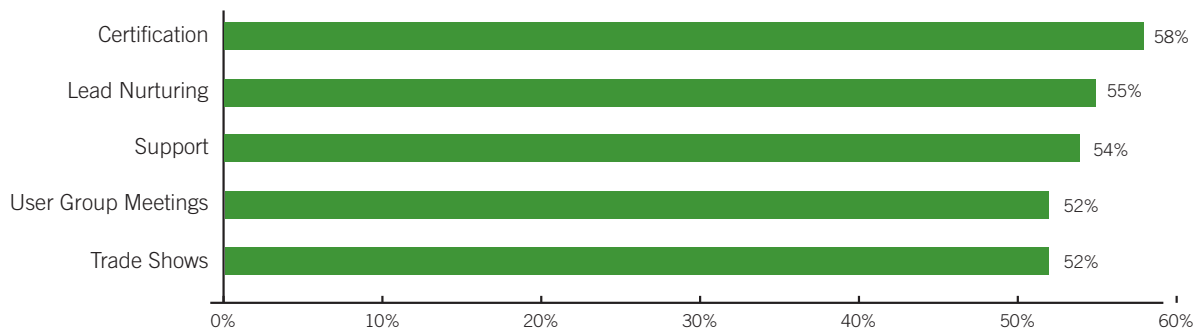


Under the virtual meetings umbrella, the most popular use of this kind of virtual technology is for presentations (61%) followed by internal meetings (56%) and training and education (53%).

Under the virtual event marketing umbrella, the most popular use of virtual technology is conferences (48%), followed by external meetings (45%), user group meetings (40%) and for lead generation (36%). It's important to note that 32% of respondents indicated that virtual trade shows were one of their top virtual event applications.

Clearly, the current use of virtual meetings technology is heavily weighted towards presentations, internal meetings and education and training, which are typically delivered by webcasts and webinars. Figure 3 indicates that certification is one of the emerging applications associated with these technologies. This data suggests that online certification of sales, product representatives, dealer networks, developers, partners and other groups is a key area for meetings and event professionals and that virtual technology presents new ways to deliver in this category.

Figure 3: Top Five Applications for Which Company Would Consider Use of Virtual Meeting or Event Technology



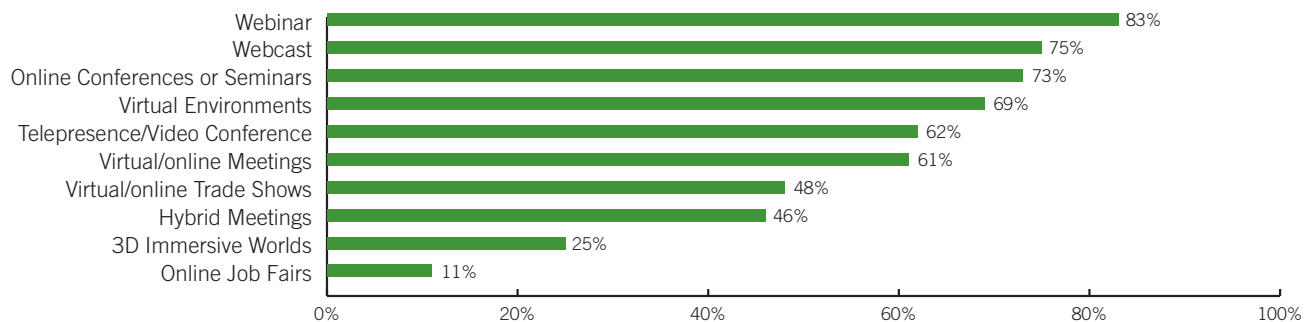
It's interesting to note that there is a fair amount of resistance to using certain virtual meeting and event technologies to achieve some key business objectives. For instance, 33% of respondents said they currently use virtual meeting technology for sales calls and 42% said they would consider using virtual meetings technology for that purpose. However a large number of respondents (25%) said they would not consider using virtual meeting technology for sales calls.

### Individual Perspectives on Virtual Meeting and Events

Having looked at organizational-wide perspectives on virtual meetings and event technology, it's useful to turn to the behaviors and perceptions of the individuals who are the audience for these experiences. What's clear is that the adoption rate of certain technologies mirrors how long those technologies have been available in the market. For instance, it should come as no surprise that under the heading of virtual meeting technology, webcasts and webinars are by far the platforms audiences use most heavily.

As seen in Figure 4, 83% of the respondents have participated in webinars in the past year; 75% of respondents have participated in webcasts; and 73% have participated in online conferences or seminars. This data suggests the degree to which these relatively new technologies have become part of our daily media ecosystem; webcast and webinars now play a significant role in how we obtain information and engage one another.

Figure 4: Top 10 Virtual Activities You Have Participated in During the Past Year? (Check all that apply.)



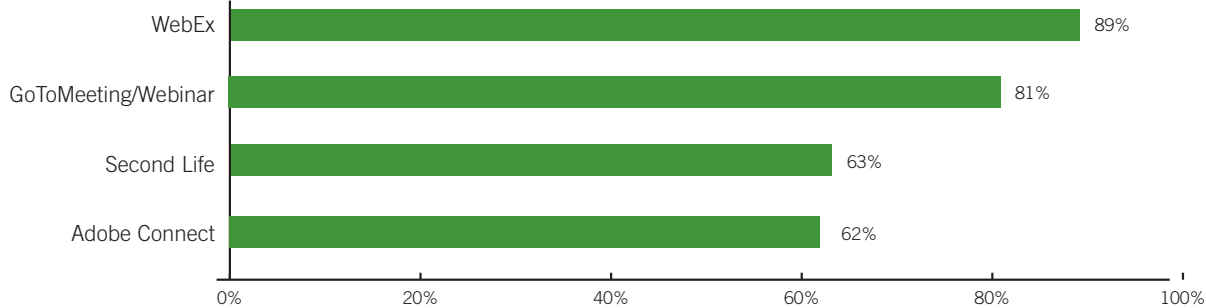
One compelling statistic is that 48% of respondents have participated in a virtual/online trade show while 46% have participated in a hybrid meeting. In future iterations of the Virtual Market Outlook report studies we will be sure to compare these responses in order to gain some insight into the overall trend in this crucial area.

Compare those statistics to that of the adoption of 3D immersive technology such as Second Life: only 25% of respondents indicated that they have used this technology.

# Perspectives on Platforms

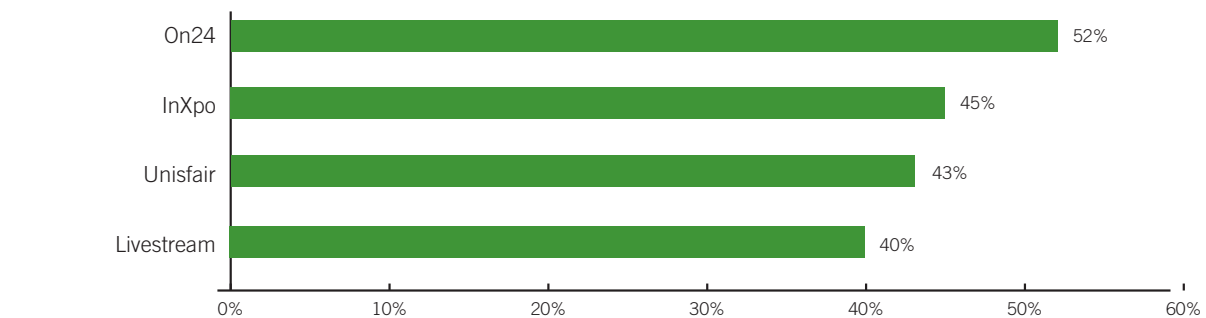
Figure 5 demonstrates that in terms of visibility, the suppliers of virtual meetings technology associated with small-format meetings and education have by far the most recognized platforms. Due perhaps in part to their maturity in the marketplace and the frequency with which they are employed, brands that operate desktop-sharing services for instance, have much greater share-of-mind than virtual event/trade show providers. Of the top brands in the marketplace, WebEx and GoToMeeting are the most recognizable suppliers.

Figure 5: Familiarity with Online Interactive Platforms

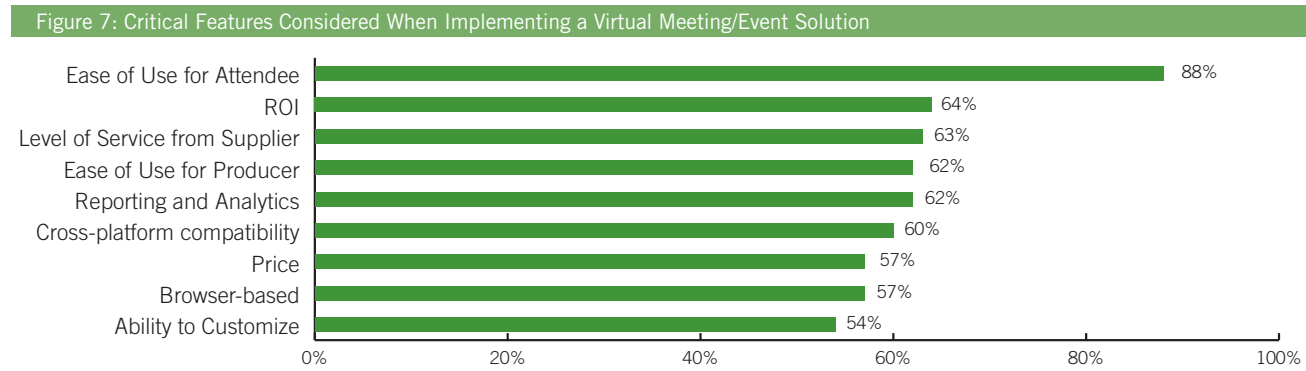


In the category of more robust virtual event environments, Figure 6 indicates that On24 is the most recognizable brand, followed by InXpo, Unisfair and Livestream.

Figure 6: Familiarity with Virtual Event Environments



As the number of virtual meetings and events increases and marketers, agencies and technology providers work to perfect the model, one area that will see continued investment will be user experience. As evidenced in Figure 7, ease of use for attendees is seen as a critical feature by 99% of respondents.



The high priority on user experience no doubt stems from issues which virtual event providers have had to contend with as their platforms have evolved from their early origins: the first generation of providers faced bandwidth issues and in many cases their user interface was underdeveloped. The latest class of technology providers are making investments and taking great strides in the area of user experience.

Numerous respondents to the survey wrote in to say that further development of the technology is a pre-requisite for continued use of the virtual event platforms. That continued investment, combined with increasing bandwidth globally, will doubtless eliminate some of the dissatisfaction with virtual event environments such as trade shows.

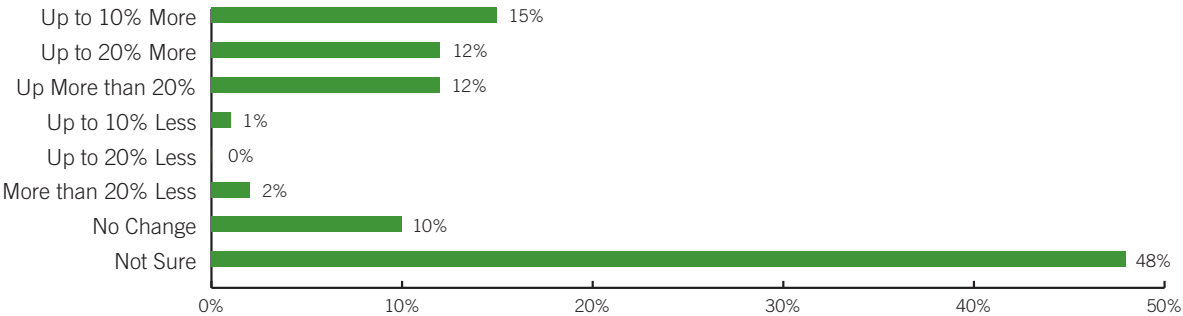
A related issue to user experience, beyond simple technical improvements to technology performance, is the idea of making virtual event environments rich and interactive enough to sustain attendee participation for the length of an event. Many respondents wrote in to say that it is too easy to become distracted while attending a virtual event.

This issue of engagement was recently tackled by a leading proponent of virtual events, Cisco Systems, in its virtual Global Sales Experience (GSX) sales conference. Cisco used gaming, competitive tasks and richly rendered environments to bring together 19,000 attendees and speakers from across the globe for a multi-day event. By investing heavily in the attendee experience as well as operational execution, the marketing team was able to not only capture the attention of attendees but drive active participation in GSX before, during and after the event itself.

# Budget

According to the respondents, a significant percentage plan to increase their investments in virtual meeting/event technology. As Figure 8 shows, 39% anticipate some increase in investment in virtual event technology. Only 3% expect a cut in their virtual meeting budget.

FIGURE 8 – Change in Budget for Virtual Meeting/Events in 2010 Budget Change



The uncertainty about company budget for virtual events this year could be the result of a number of factors. In many organizations the investment itself may not be broken out versus more traditional spend (this is particularly the case with hybrid events, where the spend may not be as transparent). In other cases, the planning for the use of virtual meetings and events may still be in their earliest stages. Third, the use of virtual meetings and events may be a tactical response to current economic conditions and thus subject to organizational success or macro-economic factors.

# Conclusion

We've seen that as the underlying connective power of the web has increased, so has the ability of marketers to engage their audiences. At the same time, economic and environmental forces are creating the impetus for organizations to invest in new ways to educate, engage and inspire those same audiences.

Benefitting from these trends, virtual meetings technology such as desktop sharing and webcasting have paved the way for newer, larger format virtual environments that enable a much broader scope of networking, education and brand engagement. And all of this has brought with it a wave of investment, innovation and risk-taking that has always marked moments of significant advancement in the marketing arena.

For event and experiential marketers, the moment is particularly ripe with opportunity. The convergence of these technologies, along with a more sophisticated approach to content and strategy, is putting live experiences—both online and physical—at the center of the new integrated marketing mix.

Now is the time to develop your own virtual strategy to whatever degree will best drive your organizational objectives, and require the entire marketing ecosystem, including agencies and technology providers, to enable you to reach those goals.

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## For Further Information:

### Lattanze Center at Loyola University Maryland

The Lattanze Center at Loyola University Maryland is an interdisciplinary research center focused on exploring the value of information technology in business and society. Founded in 1987, it is recognized nationally as a center of excellence for academic and practitioner collaboration on IT-related issues.



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## Virtual Edge.org

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Virtual Edge is an organization dedicated to advancing the development and adoption of virtual event and meeting technology and best practices for collaboration and marketing. They do this by supporting and contributing research, education, thought leadership, promotion, and professional networking. VEI members help set the direction for the virtual events and meeting industry and create significant business opportunities, solutions and advantages for all. Members have access to various services and deliverables based on their membership level.