

How Do You Decide Whether to Offer a Seminar in One Central Location Versus Whether to Present the Program in Multiple Locations

by

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First, providers should consider factors that will motivate prospects to travel to a central location to attend a seminar. Some of these will include:

- (1) The Seminar Subject – If the seminar is on an “extremely hot” topic, then participants are usually more willing to travel long distances to attend a centrally located session.
- (2) The Seminar Speakers – In general, the better known the speaker (i.e., Tom Peters or Steve Covey) the more willing the potential participant will be to travel long distances.
- (3) Competitive Substitutes – If there are no substitutes at the local level for a proposed seminar, then prospects are going to be willing to travel to a more distant centralized location.
- (4) Program Length – Willingness to travel tends to vary directly with program length. So, expect participants to be more willing to travel long distances to a central location to attend a two- to three-day program or a week-long seminar.
- (5) Level of the Target Audience – Other things equal, higher level individuals who make their own decisions to attend are willing to travel to distant locations to attend seminars on timely topics.
- (6) Time and Travel Costs Required to Reach the Location – As travel costs increase, prospects are less willing to travel to a centralized location. Also, as the time cost required to reach the destination increases, the participation will drop unless the destination/location is one of the attractions of the program.
- (7) Seminar Versus Conference Format – Converting a seminar with one speaker to a conference with multiple speakers/concurrent sessions will often help to create an “event” image and will induce prospects to travel to a central location to attend.
- (8) Individual Versus Organization Pays – Individuals having to pay their own registration fees and travel expenses are going to be less willing to travel long distances to attend a seminar. On the other hand, individuals whose organizations cover registration fees and all expenses plus permit travel on “company time” will be more willing to attend a seminar at a central location.
- (9) An Attractive Location – Holding a program at a location that especially appeals to the target audience will encourage prospects to travel to one location to attend. The appealing location may vary by the season of the year. In winter, prospects may prefer a warm climate. In the summer, prospects may prefer to travel to a cool location.

Suppose an analysis of these variables, combined with market research indicates prospects are not likely to travel, then, multiple locations/sessions will be required to serve the market. To decide on the number of sessions and their locations, a provider should assess the size and distribution of the potential market for the proposed seminar.

Let's assume a provider has several conversations with data base managers, list brokers, and list owners and decides there are 20,000 potential attendees for a seminar. Further analysis reveals prospects are concentrated evenly in a five-zone area. Discussions with advisory boards, prospective attendees, and training officers might indicate most prospects are willing to travel no more than 50 miles on the average to attend the proposed program. Combining this average travel constraint with the geography of the five zones may suggest a large number of potential locations.

Initially, an educator may want to test the seminar in just one of the potential locations. Results from this test would indicate whether there is sufficient demand to roll-out to all five zones.

Since an internal data base may not be available for programs in a distant location, let's assume a rented email list is used to promote the one-day seminar. For example, let's assume 2,000 opt-in emails are sent at \$300 per thousand and 30 participants enroll in a one-day seminar at \$125 per person. With \$600 in promotion costs and \$3,750 in revenue, a provider would next need to calculate implementation costs.

Assume the instructor fees and expenses total \$1,000; room rental, AV, and temporary registrars are \$500; and training materials, coffee, and breaks are \$30 per person. Total implementation cost for 30 attendees will be $\$1,000 + \$500 + \$900$ ($\$30 \times 30$) or \$2,400. Adding the \$600 promotion cost gives \$3,000 in total cost. Subtracting \$3,000 from \$3,750 leaves \$750 to cover overhead and profit. Dividing \$750 by \$3,750 gives a .20 or 20% return on doing the one session.

Suppose a provider decides the 20% contribution is sufficient to justify expanding the series. Suppose ten, one-day sessions are proposed. Assume the ten sessions are spread over the five-zone area during a two-week time period. All sessions are on the same topic.

Assume 20,000 emails at \$300 per thousand or \$6,000 is spent on promoting the ten sessions. Promotional costs per session would be \$600. Assume a response rate of 15 attendees per thousand for a total enrollment of 300 paying customers. Average attendance per session would be 30. Assume a registration fee of \$125 per attendee. With 300 attendees, total revenue would be \$37,500.

Let's assume implementation costs are the same as above, i.e., the instructor fees and expenses total \$1,000 per session, meeting room rental, AV, and temporary registrar costs are \$500 per session, and variable costs per person are \$30 to cover training materials, coffee, and breaks.

Total costs for ten sessions will be \$15,000 ($\$1,500 \times 10$) plus \$9,000 ($\300×30) plus \$6,000 ($\300×20) which equals \$30,000. Subtracting these costs from the total revenue of

\$37,500 yields a total contribution to overhead and profit of \$7,500 or 20 percent of total revenue.

The most critical determinant of success will be the response rate to the email promotions. Generating 300 attendees from a 20,000 email blast or click and register rate of 1.5 percent response rate may be too optimistic. If a lower response rate is expected, a provider may want to reduce the number of sessions and encourage prospects to travel a little farther. Suppose 200 attendees (a response rate of 1 percent) are expected from the blast of 20,000 emails. Total revenue would now equal \$25,000. In this case, the number of sessions might be reduced to five or one per zone. Total costs now would equal \$7,500 (\$1,500 x 5) plus \$6,000 (\$200 x \$30) plus \$6,000 (\$300 x 20) equal to \$19,500. Subtracting total costs from total revenue yields an overhead/profit contribution of \$5,500 or 22 percent of total revenue.

On the other hand, a provider might argue that increasing the number of sessions to 15 over a three-week period would increase the response rate to 20 attendees per thousand emails (2 percent) or 400 attendees due to the added convenience of the seminar sessions. In this case, gross revenue would be \$50,000. Total cost would be \$22,500 (\$1,500 x 15) plus \$12,000 (\$400 x 30) plus \$6,000 (\$300 x 20) or \$40,500. Subtracting total cost from total revenue yields an overhead/profit contribution of \$9,500 or 19 percent of total revenue. The calculations discussed above are summarized in the following table.

TRADE-OFF BETWEEN RESPONSE RATE AND NUMBER OF SESSIONS

# of Emails	20,000	20,000	20,000
Response Rate	1%	1.5%	2%
# of Attendees	200	300	400
Total Revenue at \$125	\$75,000	\$37,500	\$50,000
# of Sessions	5	10	15
Attendees per Session	40	30	26
Promotional Cost	\$6,000	\$6,000	\$6,000
Total Fixed Cost	\$7,500	\$15,000	\$22,500
Total Variable Cost	\$6,000	\$9,000	\$12,000
Contribution	\$5,500	\$7,500	\$9,500
% of Total Revenue	32%	20%	19%

In the table above, the percentage contributions (32, 20, and 19) decline as the number of public sessions increases. Presenting more sessions adds additional costs and drives the bottom-line down.

Notice also in the table, the overall response rate increases as the number of sessions increase...going from 1% to 1.5% to 2%. Offering more sessions gives prospective customers additional dates to attend due to closer accessibility.

With the higher response rates, total enrollment increases from 200 to 300 to 400 attendees; however, the enrollment per session declines from 40 to approximately 26 attendees. So adding additional sessions increases overall enrollment but usually reduces enrollment per session. Putting on more sessions “grows” the market but the growth occurs at a decreasing rate.

To summarize, providers can expect the following:

- (1) Holding the data base size constant, increasing the number of sessions will increase the overall response rate and the total number of attendees.
- (2) Continuously adding additional sessions while holding the data base constant will increase the response rate and overall attendance at a decreasing rate.
- (3) As the rate of increase for response rate and overall attendance decreases, attendance per session will decline.
- (4) If the data base and number of sessions are held constant, an increase in the overall response rate/attendance will increase the percentage contribution to the bottom line.
- (5) If the number of sessions is increased but the data base and the overall response rate/attendance remains constant, the percent contribution to overhead/profit will fall.

In conclusion, providers should note selling seminar seats is only one source of revenue income. Back of room product sales, on-site/in-house training, and consulting are other means of generating cash from seminars. With the additional income sources, a provider may elect to offer more sessions than would be dictated by public enrollment and revenue. More in-depth analysis of all income sources would be a further refinement of the analysis above.

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