INTRODUCTION

Event marketing has become a common marketing communication term in the last few years. Many companies in Hungary have started to use events regularly as an efficient tool to reach their target groups. Growth and development in event marketing make it necessary to review this area’s present trends – and also to take a look at its future opportunities.

Let us first define event marketing. There are many similar or connected expressions to this term, such as: events, brand or special events, entertainment, experiential or experience marketing. A precise definition could be the task of another study, so we approach it from the possible areas of event marketing. We restrict our discussion to corporate events, such as employee, client and supplier appreciation occasions, team-buildings, family, jubilee and Christmas parties, or special events for customers, e.g. road shows. We do not deal with conferences, fairs and exhibitions, or concerts, festivals, sports and private events. We concentrate on those events that bring brand experience, entertainment, personal connection, have an indirect impact on their participants (and others who get in touch with them) and deliver messages and values. In many cases these events also expand sales.

However, event marketing’s primary goal is not to increase sales of a particular product, but to strengthen connections to the brand, to provide complex (five sense) experiences and to get the audience involved. The customer can “feel the brand” very closely. “With these events, customers can be addressed informally and personally so these can influence consumer attitudes relatively quickly – said PÁL OROSZ.” [14]. Event marketing is initiated by the company, as distinguished from sponsorship, where the company is only a supporter.

In our study, we summarize the trends of events in Hungary and how they are managed. However, we keep an eye on international tendencies to anticipate where the Hungarian market might be heading.

METHODOLOGY

Because of its complexity and the diversity of the marketplace, it is almost impossible to give a complete introduction of the event marketing industry. We focus on overall trends and qualitative aspects. However, in some cases we can provide exact numbers, as well.

This essay is principally based on three types of sources. There are only a few research studies we could use. One is an international study (EventView 2006), the other one focuses on Hungary (Event Trends in Hungary).

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Since we wanted to focus on up-to-date information, we also searched business journals and of course the Internet as the second type of research material. Unfortunately only a few articles can be found on this topic, and the future tendencies were rarely mentioned in the research studies and articles. So a third source of information were interviews of professionals: specialists in event planning, advertisers and educators. (The complete list of the interviewees can be found at the end of the study. In the text we quote their answers followed by their names.)

CURRENT TRENDS

In the global study, EventView 2006 (where almost 900 individuals in marketing management positions from North America, Europe and Asia Pacific were interviewed via telephone) 49% of respondents stated that the importance of event marketing is increasing, 37% of companies surveyed expected their event marketing budgets to increase and 81% of respondents said they are currently trying some form of experience marketing. [9]

In an American article [8] the following trends were listed for corporate events:
1) Most corporations will expand event participation in 2006.
2) Corporate events embrace new technologies.
3) More corporations are taking their events on the road.
4) Corporations are designing events to meet internal needs.

Trends that were noticed by the same magazine at the beginning of 2005 are also worth quoting because they might have predictive value for the event marketing activities of Hungarian companies. These were [6]:
1) Corporations will hold more events and commit earlier, but demand more from third-parties and intermediaries.
2) Education and solutions – not razzle dazzle – will take center stage, with product demonstrations integrated into the learning process.
3) Creating a sense of peer community at corporate shows will be paramount in 2005. That community will be smaller and more select, the event environment more personal and productive, and the venue more local.
4) More corporate events in 2005 will be subject to clear measures of results and effectiveness of marketing spend.
5) Corporations will seek out more strategic partners and co-locations, making some private events into real revenue-generators.
6) More corporations will tap the expertise of show organizers for a turnkey solution.

As we will see later in this essay, many of these trends are present in Hungary already. But global trends do not necessarily reach our country immediately.

For example, in our interviewees’ opinion Hungary’s membership in the EU has not played a decisive role in the event marketing industry so far [VIKTÓRIA FEHÉR, PÉTER LENDVÁI, BÁLINT TORDAI, TAMÁS VÉGH] but its influence is starting to be felt. Since 2004 the number of EU-related events and international conferences has grown [ILDIKÓ VAJKÓ, BÁLINT TORDAI]. And also, foreign assignments are reachable for Hungarian agencies. For example Human Telex organized a DJ Tiesto party in Stockholm on a luxury boat called Cinderella for Swedish and Finnish guests. [PÁL OROSZ]

When we take a look at the Hungarian event industry, we can see that multinational companies are usually the most important advertisers [VIKTÓRIA FEHÉR, ILDIKÓ VAJKÓ, LÁSZLÓ CZECE, PÉTER LENDVÁI, DÁVID SIPOS] and events are especially relevant in business to business relations [TAMÁS VÉGH, SZABOLCS BUDAHÁZY, BALÁZS KÁDÁR].

An overall survey (Extreme Event Agency, Kreatív Magazine and TNS Hungary: Event Trends in Hungary, held in March 2006 with 117 respondents) also gives important data on the Hungarian market. [4] The research showed, for example, that in most cases event planning is in the hands of the marketing department (60%) and also in the communication (27%) and HR departments (15%).
Stabilization

Foreign sources indicate that the role of event marketing remains important in the marketing mix. “Events continue to become a more vital component of corporate marketing strategies as companies grow more savvy about events and how various types can be combined to meet their goals.” [8] However, “it seems that the event marketing industry is reaching a plateau”. [9] Brand events remain a vitally important tactic in the marketer’s arsenal, even though overall spending dropped slightly last year. [7]

Information on event spendings in Hungary is contradictory. Many sources show a slight overall increase – but just as many claim a slight decline in the event industry.

In 2004, agencies agreed that the ratio of events in the total marketing budget rose and they were optimistic about the future. [12] According to Extreme, Kreatív and TNS’s research, [4] the budget did not grow in 2005 at most companies, but where it did increase, the average growth was seventeen percent. (Of course, there are differences between the sectors.) Almost every expert agreed that the event industry is growing. (The only exceptions are the events for employees.) Half of the interviewees stated that the event budget remains the same in 2006 and about one third claimed that there will be an increase. However, some experts are not optimistic for 2006.

According to Promo Direkt’s survey in 2006, companies are spending less on events. [10]

In our survey, almost every interviewee claimed that below the line activities, such as events, play a bigger and bigger role in the marketing mix these days. However, many of them felt some decrease in recent years due to government restrictions on advertising – which influenced the tobacco, alcohol and drug industries [PÁL OROSZ, ZSOLT PALDI, DÁVID SIPOS, BÁLINT TORDAI, ILDIKÓ VAJKÓ].

VIKTÓRIA FÉHÉR, GÁBOR NAGY and PÁL OROSZ pointed out that the economic situation has a great effect on the event market. And this can be the reason for the recent deceleration of the event industry. However, an event can be an effective tool in reaching the target group in this hard situation because of its variability and personalization [PÁL OROSZ].

Price level

It seems that price level is a very significant factor of the Hungarian event industry – and also connected to the general economic situation.

The most important trend is that companies are spending less on events, but agencies have to organize the same number of events from a lesser amount. [10] This means that the costs per capita are decreasing [PÉTER LENDVÁI].

There are many participants in the market. This influences the general price level. As ÁKOS CSEMELY (President – Média Hungária) said: “lately there are more and more, almost too many events, and so many bunglers appeared on the market. They offer low prices, less and worse service. They ruin the market. Even prestigious companies are mistrusted by advertisers.” [4]

However, in many cases money does not count when the company wants to fascinate its partners, clients or consumers [BÁLINT TORDAI, BALÁZS KÁDÁR, ILDIKÓ VAJKÓ].

Agencies

There are only a few dominant agencies in the event industry. The best known event marketing agencies are (based on spontaneous recall): Createam, Extreme, Gála, HPS, Humán Telex/HT Event, Lauritzen, Multteam, Ragazzart, Roxer and Special Event. [4] These agencies have been in operation for many years and have the biggest share of the market. Seven of them are members of the Association of Advertising Agencies [1] (MAKSZ – Magyarországi Kommunikációs Ügynöksége Szövetsége). Many of the biggest agencies started to open for other BTL activities.
The presence of a great number of small organizers shows that many agencies vegetate on the market with only one or two clients. Federation of Hungarian Event Organizers (MaReSz – Magyarországi Rendezvényszervezők Szövetsége) has more than 100 members. [5] Both www.rendezveny.hu and www.rendezveny.lap.hu have 170 and www.rendezvenyszervezes.lap.hu has 230 event planner agencies and other companies listed in connection to events. Beyond that, countless other related agencies, sub-contractors (such as performers, technical facility suppliers, etc.) appeared on these sites. In this situation specialization can be the solution for event organizers [TAMÁS VÉGH].

Another interesting point is that event organizers operate mainly in Budapest.

**Integration into strategies**

According to EventView 2006, event marketing has taken a slight step back in its role in the marketing mix. However, survey respondents stated that event marketing was either a lead tactic (14%) or a vital component of the marketing plan (34%). [9]

Also in Hungary, it is becoming more and more important to integrate events into the communication strategy and to connect them to other marketing channels. [3] As our interviewees claimed, in recent years, (multinational) companies have begun to consciously plan their yearly events and to harmonize them with the marketing strategy and the marketing communication mix [VÍKTÓRIA FEHÉR, LÁSZLÓ CZECZE, PÁL OROSZ, BÁLINT TORDAI, TAMÁS VÉGH].

However, strategic approach is only the fourth consideration used in the deciding of a tender. The aspects on a 10-grade scale are: [4]

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feasibility</td>
<td>9.1</td>
</tr>
<tr>
<td>Creative solution</td>
<td>9.0</td>
</tr>
<tr>
<td>Cost effective solution</td>
<td>8.4</td>
</tr>
<tr>
<td>Strategic thinking</td>
<td>7.5</td>
</tr>
<tr>
<td>Reference/professional experience</td>
<td>7.1</td>
</tr>
<tr>
<td>Previous co-operation</td>
<td>6.3</td>
</tr>
<tr>
<td>(Average)</td>
<td>7.9</td>
</tr>
</tbody>
</table>

**(Strategic) co-operation**

Because of high costs many brands co-operate in organizing larger events in both Western and Eastern Europe. Of course this is only practical if the brands are close to each other, and have similar target groups. [3] “Partner companies strengthen the brand effect. Co-operation in most cases does not come about just on these events, the connection is tight between the companies before and after, as well.” – said GYÖRGY G. NÉMETH (Communications Director, T-Mobile). [14]

Examples of co-operations are the many summertime road shows, or the hostess co-promotions at bars and entertainment venues.

**Creativity**

It seems that creativity of events is still significant. As we mentioned earlier, creativity is the second most important factor for companies in the deciding of a tender. It is also interesting that the most lamented shortcomings of the event market are – according to respondents: [4]

<table>
<thead>
<tr>
<th>Shortcoming</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of uniqueness</td>
<td>31.6%</td>
</tr>
<tr>
<td>Lack of creativity</td>
<td>20.5%</td>
</tr>
<tr>
<td>Quality of implementation/lack of professional competence</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

As more hours are spent at an event by the business partner or the customer, the impression is more intense and thus the sponsor’s expectations are higher: creative content has a much greater significance. Creative events deliver brand message in a much stronger way and influence the customers much longer in their buying decisions. [2]
“Creativity is already a basic requirement at trainings” – said DOMONKOS PICHOVSZKY (CEO – Createam). At corporate internal events “the stereotypical creative concepts have become worn out” – said GÁBOR KURJÁK (Creative Director – Roxer). “Complex, thematic events have to be planned” – explained PICHOVSZKY. Decision makers take part in more than 10 events a year, so in the case of client parties the most perceptible trend is that the demand is ever greater for creative events. [4]

Our interviewees stated the same. Creativity and uniqueness are becoming more important [GÁBOR NAGY] and creative potential in events is much higher, than in classic advertising [DÁVID SIPOS]. Interactivity is not enough any more, nowadays uniqueness in concept, technology or location is essential to make the event one of a kind, brand-like and memorable [PÁL OROSZ, ZSOLT PALDI]. Boring partner-meetings are over, special solutions (programs, locations), unique experience are needed [BALÁzs KÁDÁR]. Advertisers are courageous and demanding – they want special and unique events. The industry is more and more open to foreign ideas and event elements [SZABOLCS BUDAHÁZY].

There is a challenge to create an experience, and it has to be new and fresh every year. So advertisers want the same quality as in previous years – but at the same or lower price. “To make up for declining budgets, agencies have to be more and more creative” – said GÁBOR SIMON (CEO – Nexus Event). [10] “Smaller budgets mean in many cases, that new, smart, but cost effective solutions have to be created” – said GÁBOR KURJÁK. [4]

However, at festivals (where companies can organize their own “mini-events”) brands tend to use only their time-tested attractions. [11] The Coca-Cola Beach House in Siófok did not show much surprise, either. [14]

Event types

It seems that in Hungary, Christmas parties are the favorite events – where the invitees are employees. In 2005 the most common events were: [4]

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Christmas party</td>
<td>78.6%</td>
</tr>
<tr>
<td>Client party</td>
<td>59.0%</td>
</tr>
<tr>
<td>Professional conference/workshop</td>
<td>59.0%</td>
</tr>
<tr>
<td>Family day</td>
<td>41.0%</td>
</tr>
<tr>
<td>Sporting day</td>
<td>27.4%</td>
</tr>
<tr>
<td>Product promotion</td>
<td>25.6%</td>
</tr>
<tr>
<td>Product presentation</td>
<td>23.1%</td>
</tr>
<tr>
<td>Training</td>
<td>3.4%</td>
</tr>
<tr>
<td>Others</td>
<td>12.8%</td>
</tr>
</tbody>
</table>

According to another source, companies increasingly prefer parties and team building events. Those events are popular where the audience is involved, and where there are interactive and amusing assignments. [10]

Our results were about the same. Christmas employee parties [SZABOLCS BUDAHÁZY, ILDIKÓ VAJKÓ], Christmas client parties [SZABOLCS BUDAHÁZY], client parties [ILDIKÓ VAJKÓ] and exclusive client events [ILDIKÓ VAJKÓ, BÁLINT TORDAI], family days [VIKTÓRIA FEHÉR, SZABOLCS BUDAHÁZY], company parties [ZSOLT PALDI, SZABOLCS BUDAHÁZY], sporting days, road shows, theme parties, team-buildings, trainings, brand events, indirect (not sales-driven) events and consumer events were mentioned.
Technology, programs

In events, newer and newer solutions appear. For example “some companies use badges that look like small PDAs. It picks up signals from other badges, and when you meet someone for the first time, the badge will display your answers to three simple questions, like your favorite TV show. That starts to stimulate conversation and aid in networking. The badge can also have your schedule built into it so it tells you where to be at any given time.” [8]

According to our interviewees, there are always innovations in event organization, which can reach Hungary almost immediately. But these are quite expensive for the Hungarian market so it is not worth bringing them in. “Sometimes we copy them and make them cheaper, so that they will fit the Hungarian needs.” [TAMÁS VÉGH] The other solution is trans-border co-operation [ZSOLT PALDI, DÁVID SIPOS].

Unfortunately Hungarian firms are very cautious about using new solutions (e.g. LED-lights, intelligent lights as decorations) [BÁLINT TORDAI]. There are always proven event elements like casino [ILDIKÓ VAJKÓ], but creating new solutions is an advantage – which are of course trade secrets. [SZABOLCS BUDAHÁZY]. The life cycle of these innovations are only two to three years, then they become standards.

“Traditional performances have come into fashion again: illusionists and singers (FENYŐ, KORDA, KOVÁCS KÁTI), but frequently, it is more serious music such as jazz that entertains guests. When the budget allows, foreign well-known performers and humorists are invited. Amongst non-traditional performances there are modern acrobats, or even PETER BÉSSENYEI, the stunt pilot and, of course, fireworks at the end of an event.” [10]

The number of well-known stars is few, and they have been at all the events of the last ten years. Most of them do not renew their program, and the one-day-wonders can hardly make up for the shortage of performers. So we and our sub-contractors watch for foreign opportunities [LÁSZLÓ CZECZE].

Efficiency, measurement

According to EventView 2006, measurement is becoming more and more important. “Seventy-one percent of respondents to this year’s survey cite that they do engage in some post-event measurement activities. Companies that measure are three times more likely to increase budgets (76% to 24%).” [9]

CMOs continue to face mounting pressure to show ever-increasing value and return on their investments. According to the study, event marketing provides the best ROI in marketing. [9]

<table>
<thead>
<tr>
<th>Marketing Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Marketing</td>
<td>23%</td>
</tr>
<tr>
<td>Web Marketing</td>
<td>18%</td>
</tr>
<tr>
<td>Sales Promotion</td>
<td>15%</td>
</tr>
<tr>
<td>Public Relations</td>
<td>14%</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>10%</td>
</tr>
<tr>
<td>Print Advertising</td>
<td>9%</td>
</tr>
<tr>
<td>Broadcast Advertising</td>
<td>5%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>6%</td>
</tr>
</tbody>
</table>

“The most common reasons given for event marketing’s high returns on investment come from the fact that it provides the greatest opportunity for direct, in-person, face-to-face contact (58%) and that it provides the best opportunity to reach a targeted audience (45%).” [9]

Besides extending brand image, events can increase sales – according to experts. [14] The biggest companies prefer event marketing to fairs and exhibitions or to sponsoring, since events are connected to the company, competitors can be excluded, and the number of sponsors can be maximized.
Sometimes exact research data can demonstrate the efficiency of events. For Coca-Cola/Fanta Fruit Twist working with Events Works in England, Moorcroft Market Research’s survey found that brand recall was much higher for those who had been part of the event. After an event of Unilever and RPM event organizing agency, the propensity to consume was 71%. [3]

There are many aspects to measuring event impact, such as event headcount, register sales data per event days, future likelihood to purchase, internet hits post-event, samples, coupons distributed, length of time engaged. [7]

In Hungary, cost effectiveness of events is a very important aspect, but its measurement is not yet common practice.

Event sponsorship

Event sponsorship (where a brand takes part in an event created and hosted by another entity) is yet another marketing opportunity available to companies. In many aspects it works in the same way and is an alternative to exclusive company events. Many Hungarian companies choose this opportunity, because organizing events is quite expensive.

Even big firms that could gain exclusiveness at smaller events decide to be one sponsor among many. “Many companies believe in many small appearances when it comes to event marketing, even though exclusive sponsoring of events and on-location activities are much more effective. [Westel/T-Mobile, Coca-Cola, Borsodi] have built brands for their own events over the years (through the experience gained by the audience) and these have influenced the value of their original brands. But beside pioneers, the majority of firms do not trust in exclusive sponsorships.” Sponsoring is only worthwhile, when the company can be the main or at least preeminent sponsor [BALÁZS KADÁR].

Passive appearances such as having one of the many logos on a poster or billboard are not too effective. “When a company sponsors an event it should budget twice the amount of the sponsorship itself for additional on-the-field activities that will move the audience.” – states DOMONKOS HALÁSZ. [12]

FUTURE TRENDS

International sources show that event marketing has a promising future. “Almost 50% of respondents stated that the future importance of event marketing was either increasing or increasing strongly. Furthermore, an additional 40% of respondents stated that the future importance would remain constant.” [9]

In our interviewees’ opinion, significant expansion is not expected in the near future in Hungary [PÁL OROSZ] or the advertisers will have even less money [DÁVID SIPOS]. However, increase is likely to come afterwards [BÁLINT TORDAI, ZSOLT PALDI]. A shift from ATL more and more to BTL is expected [GÁBOR NAGY, PÁL OROSZ, DÁVID SIPOS].

As we mentioned earlier, the event industry is closely connected to the general economy. So the economic situation will have a strong effect on the market.

According to the Event Trends survey there is more potential for growth in the Hungarian market, since almost thirty percent of the companies involved in the survey do not use agencies to organize their events. Only one quarter claimed to work with an agency on every occasion. According to SZABOLCS BUDAHÁZY “those companies that charge agencies to organize some event per year sooner or later will outsource every event. [4]

In five years, dominant, complex agencies are likely to grow as they have in Western Europe [VIKTÓRIA FEHÉR, TAMÁS VÉGH]. Those agencies will remain in operation that can handle yearly event strategies, and are able to co-operate with other communication areas [VIKTÓRIA FEHÉR]. EU membership is coming to make its effects increasingly. Trans-border activities will become more frequent, we will meet foreign sub-contractors more often – and foreign agencies will probably try
to offer their services in Hungary [SZABOLCS BUDAHÁZY, LÁSZLÓ CZECZE, BÁLINT TORDAI, TAMÁS VÉGH]. However, event planning is a local business, so it is a hard terrain for international agencies [GÁBOR NAGY].

We will meet more complex events in the future [LÁSZLÓ CZECZE] and everything will be possible [BALÁZS KÁDÁR]. The only limits will be imagination and money. Conscious, innovative, conceptually consistent events will play increased role in the market [PÁL OROSZ].

The intention for efficiency, good targeting will be very important [GÁBOR NAGY, PÁL OROSZ]. Measuring techniques will be developed [VIKTÓRIA FEHÉR, GÁBOR NAGY].

Like other branches of the economy, events are going green. “One of the strongest forces moving green shows into the mainstream is exhibitor and attendee pressure. For example, the Construct Canada trade show at the Metro Toronto Convention Center, held last November, achieved zero waste. That is, all waste – from cardboard to pallets and food – was re-used or recycled.” [13]

“It is an important part of social responsibility for market actors to join in for a good cause” [12] so CSR will have its effect on the event industry.

CONCLUSIONS

The following trends can be seen in the event marketing industry:

- The importance of event marketing remains constant, after a small decline increase is expected.
- Price level will remain low.
- There will be changes in agency structure.
- Strategic approach will be fundamental.
- Innovation and creativity will be essential, every new solution will be available.
- Measuring events will be very important in the future: measurement will be more and more sophisticated and common.
- New ideas are to influence event marketing such as green movement or social responsibility.

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BUDAHÁZY SZABÓCS, CEO, Extreme
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