



OFFICIAL POSITION ON EAC FEES

The Exhibitor Appointed Contractor Association (EACA) is an international association of exhibit service providers that was established in 1998. Our more than 200 corporate members, who acknowledge and support our stated EAC Code of Conduct and Ethics, service exhibitor clients nationwide, as well as at international events. The EACA Board of Directors is comprised of representation from all industry stakeholders including show organizers, facility management, and general service contractors, as well as EACs.

The EACA Board has authored this paper to voice its official opposition to the practice by some show organizers who charge fees to EACs (non-officials) in exchange for the opportunity to service their clients. We do so in agreement with the official positions of our sister industry associations, HCEA and EDPA, when they state that the practice of charging a fee for the use of an EAC is not appropriate.

The EACA believes that when any fees are added to an exhibitor's costs, without adding value to their experience it creates an unnecessary barrier to exhibitor participation that we all so greatly desire. The need for removing barriers to participation is most evidenced by the fact that up to 60% of first time exhibitors do not return (according to statistics published by CEIR).

The EACA, along with HCEA and EDPA, believes it is time to take steps toward removing these obstacles to participation from the exhibitors. This White Paper will not only spell out the negative impact that fees create for the trade show industry but to also offer positive solutions to make this practice unnecessary and obsolete.

NEGATIVE IMPACT OF EAC FEES

Prior to examining the negative impact of EAC fees, it is first important to note why exhibitors hire EACs.

They do so to gain more control over, and accountability for, their cost of participation. Exhibitors make their EAC selections for the same reasons that show organizers prefer a general service contractor that is familiar with their servicing needs and budget requirements. EACs are familiar with their exhibitor customer's display properties and their event marketing goals and objectives. The EAC offers a service result that is efficient and cost-effective and is recognized as a strategic component of their client's exhibiting program.

The relationship between exhibitor and EAC is effectively the same as that between show organizer and their official service contractor.

1. This raises the first negative impact of EAC fees. We suspect that if a show organizer was considering renting a venue for their event that planned to charge them a fee for hiring their official service contractor they may prefer to make an alternate choice.
2. EAC fees range from a low of \$0.05 per square foot to a high of \$2.50 per square foot. For EACs that have multiple clients in the shows that charge fees, the aggregate cost of the EAC fees has approached as much as \$15,000 for one show. The EAC marketplace is highly competitive. Net margins for the most successful EACs are 3-4%. As a result, it is important to note that the costs of EAC fees will be passed along to the exhibitor.
3. EAC fees add an additional expense to the cost of exhibiting. It is our opinion that this fee represents a punitive tax because it does not get charged to exhibitors if they use the official contractor. Such a practice creates an uneven playing field between EACs and the official contractor for exhibitor services. Some claim that the fee represents interference with the exhibitor-EAC service contract.
4. EACs have lost client contracts because of this fee. This is particularly true when the EAC fee is as much as \$250 per booth. Labor fees for a 10' x 10' booth rarely exceed \$350. When the EAC fee is added it effectively doubles that cost. As a practical matter for budget conscious exhibitors they are given no choice but to give their set-up work to the official contractor. In these cases, the EAC fee interferes with the EACs otherwise free market opportunity to secure customers.
5. EACA has tracked growth rates of shows that charge EAC fees versus shows that don't. Shows with EAC fees have significantly smaller growth rates. Exhibitors from these events that were queried typically stated that the EAC fee was a determining factor in the decision to take a smaller space and bring a smaller less sophisticated booth.
6. In most cases, the exhibitor is typically notified of the EAC fee well after the exhibit space has been selected and contracted which, we believe, is in violation of the terms of the space contract that stipulates that "this contract constitutes the entire agreement between the parties."

While we strongly oppose EAC fees, the EACA recognizes that the increasing number of EACs (particularly at large shows) creates a need for better pre-show communications between EACs and show organizers.

There is a growing need for education among EAC companies, and a commitment to uphold standards of conduct, professionalism, safety and security. This is why the EACA was originally established, and why the EACA continues to advocate for a better way to address any concerns show management has about the presence of EACs on the show floor.

ALTERNATIVES TO EAC FEES

The EACA would prefer to identify an alternative to the EAC fee for those shows that have a legitimate concern regarding the presence of EACs on their show floor. And, we would prefer that show organizers who currently charge fees work with us to consider those alternatives.

It is our position that there are effective alternatives to arbitrary EAC fees, and we recommend that show managers that are charging an EAC fee adopt one of the following remedies.

1. First, if the reason for the fee is to generate additional show management revenue it would be much more advantageous for the organizer in question to raise the space rate for all exhibitors.
2. If the reason for the fee is to recover the costs of administering the EAC notification process, EACA would gladly offer its proprietary EAC registration service which has been proven to reduce organizer costs and improve event security and safety.
3. And, finally, if neither of these solutions solve the concern adequately, we would like to offer our time and effort to meet with show management to find a way to work together as a team to do away with the EAC fee, and thereby create a more positive environment for the exhibitors.

Hopefully in doing so, we can generate greater customer satisfaction, and more customer participation - a result that will work for all industry stakeholders, and the future of our industry!