



# **RELX Group Teach-In**

Thursday, 9<sup>th</sup> November 2017

## **Welcome**

Colin Tennant

*Head of Investor Relations, RELX Group*

### **Opening remarks**

My name is Colin Tennant. I am the Head of Investor Relations at RELX Group. I have three things to do today. First is to welcome everybody. So, welcome, everybody. Second is just a little bit of housekeeping. If the fire alarm does go off during this presentation, you'll be leaving the way you came in. There will be people with fluorescent jackets to help you find the exit. Hopefully, that won't happen. And the final thing I need to do is to introduce the host for today's presentation, Chet Burchett, the Chief Executive of Reed Exhibitions, who is going to lead you through all we are going to cover for today. So, Chet over to you.

## **Overview of Reed Exhibitions**

Chet Burchett

*Chief Executive Officer, Reed Exhibitions*

### **My Background**

Thank you, Colin. Good afternoon. As Colin notes, I am, indeed, Chet Burchett. I have been Chief Executive for Reed Exhibitions since 2015. I have been with the company for almost 14 years.

I joined in February 2004 as President of North America. I came over from Burson-Marsteller, one of the WPP's global public relations agencies, where I had been serving as Chief Executive for their US business. Then, my role expanded for Reed to President of the Americas when I took on responsibility for our South American business which, at the time, was a small operation in Argentina and a few shows in Brazil.

I led the expansion of our business in Brazil and then our entry into Mexico, before I came to London to lead the global business. And along the way, my business in the United States pioneered the move to dynamic value-led pricing, which has now spread across our global portfolio. We introduced the first mobile app to the exhibitions industry in the United States.

And I began working with RELX – and in fact, that's where I got to know Kumsal – to begin leveraging in the HPCC Systems computing capabilities for our earliest efforts in data analytics.

### **Agenda**

Now, today I want to provide an overview of our business with an emphasis on the organic growth strategy of our business and the customer-centric approach that we take. I very much want to spend time today on our portfolio and how we drive growth through that portfolio.

Lucy Gillam will join. She is a Portfolio Director in our UK business and I've asked her to amplify that organic growth story with a case study on the global expansion of one of our brands from Europe. Now, she's going to speak to how we drive performance at a very

granular event level which, in essence, is the way we drive the organic growth in this company – event by event.

And then I've asked Kumsal Bayazit, President of Reed Exhibitions in Europe and Chairwoman of the RELX Technology Forum – I think that some of you have met her before in a previous role – I've asked her to provide greater detail on our increasing focus on technology and the way that we use it to drive customer value.

Now, it's important for me, at this point, to make sure everybody understands that for us, work in data and data analytics and development of digital tools is about delivering new value to our customers. And it's that new value in the context of our exhibitions that will support organic growth of our portfolio, going forward.

And when Kumsal is done, then I'll come back to wrap up and take any questions that you may have.

### **Reed Exhibitions within RELX Group**

So first, a quick look at where Reed Exhibitions sits within the RELX Group. In 2016, Reed Exhibitions contributed a little over £1 billion of revenue, about 15% of the Group total. And that underlying revenue was growing at 5% versus the Group average of 4%. We contributed £275 million of adjusted operating profit, 13% of the Group total, again growing at 7% versus the Group average of 6%.

We're very proud of the contribution that we make to RELX and its performance. I can say that this is a great business with strong financial characteristics. Our customers pay in advance. We have little capital demand. It's very cash-generative. And our return on invested capital is above the Group average. So, that's where we sit within RELX.

Globally, we operate in an industry that's valued at about \$30 billion by one of the leading industry consultancy groups. It has good growth characteristics over the last four years. It's averaged just over 3% nominal growth. But the key characteristic of the industry, as you look at this, is it is highly fragmented.

We're the global market leader with a revenue share of only around 5%. In fact, the top 20 participants account for just a bit more than 30%, with the balance being made up of trade association events, local market organisers and mom-and-pops. Now, most of the bolt-on acquisitions that we make come from that segment.

#### *The face-to-face industry*

And a word on the face-to-face industry itself. It is a strong industry and it has very good fundamentals. Now in our business, about 75% of our customers, both attending customers and exhibiting customers, are small and medium size enterprises. And for them, trade shows offer the most effective and efficient access to the market.

For our larger corporate exhibiting and attending customers, our trade shows offer very efficient means for them to access those same SMEs. Just last week, we were running a couple – we were running more than two shows. But last week, there were two shows we were running, one in Asia. And it's worth noting that we had an exhibitor there who had a 12-metre stand. And in our world, that's a like a small starter stand, right? And over the course of the show, the exhibitor sold 20 million tonnes. No. 20 tonnes, not 20 million

tonnes. 20 tonnes. I wish it was 20 million tonnes. It was 20 tonnes of product out of a 12-metre stand.

At the same time, we were running our trucking event in Brazil. It's a show called Fenatran. And one of the large manufactures at Fenatran sold 700 trucks, as in the big tractor rigs that pull the trailers. And I thought that was impressive. But then, I heard another exhibitor that sells cargo vans and that sort of thing sold a 1,000 vehicles on the first day. So, the point that I want to make is that the exhibitions industry works. And it works for our customers. And the trick is we want it to work even better in the future.

#### *A global industry*

So, that is the global industry. So when you look at our business and where we sit, we operate across a very broad portfolio of events. In total, we have about 529 standalone exhibitions this year in more than 30 countries and we serve 43 industries. We host more than 140,000 exhibiting customers across that portfolio. And we market and deliver more than seven million attending customers to our events.

#### **The Geography of the Portfolio**

The geography of the portfolio, we have a strong presence in Europe and North America. But as you can see, over the last ten years, we've been building our exposure to markets in other geographies. We've achieved significant scale in Japan, China, Latin America. We've also established strong positions in a number of new markets, such as Korea, Mexico, South Africa. We have a nascent business in Vietnam, now, that we're building out. And we see good growth opportunities across those geographies.

We're happy with our geographic footprint. We now operate in markets that represent about 76% of global GDP. And all three of our regions are growing well and they have been. Europe has been mid to low single-digit growth, while North America has typically, over this time, been in the mid to upper single digits. And it's in the rest of the world where we've been experiencing high single-digit growth.

Now, when you combine those differentiated growth rates with the fact that the focus for most of our acquisitions has been in the rest of the world and that our launches in faster growing geographies have been in the same areas, it explains the shift in geographic revenue for our company over this period of time.

#### *Broad sector of industry segments*

Now, within those geographies, we operate across a broad sector of industry segments. And I want to dive into this a little bit more deeply. You can see – and these are just broad clumpings of what we do. But even where we have double-digit revenue percentages, we have diversity. And that's a key aspect to the portfolio. For instance, in Media and Communications, we have our television events in France and in Asia Pacific. We have a music event in Cannes. We have publishing and book events in London and New York. And this is where our pop culture group resides.

Now, each of these industries, all the way around the pie, move within their own cycle. Some is driven by the local market conditions and others by broader macro economics. And the reality of managing a portfolio like this is that in any one year, some events will be

performing very well and some will be facing pressure, some even in decline. But that changes. The trick is to know the change.

Our gift events in China this year are back to growth after a couple of years of difficult performance due to local market conditions in China. And if you look back into the last decade during the economic recession, 2009 and 2010 saw our real estate and property events in decline. But in recent years, those same events have been among the strongest performers in our portfolio for growth. So overall, the breadth of the portfolio by geography, by market sector and even by segment limits the impact of economic cyclicity in any one particular area.

## **Revenue**

Looking at the revenue that flows through that portfolio and the sources of it, you can see that the majority, about three-quarters of our revenue, comes from the fees that the exhibitors pay us to participate in the event. We have good, long-term relationships with our major exhibitors. And I talked about them a bit earlier, but we have exhibitors that have been with us literally for decades at some of our longest-held shows.

For the most part, visitors don't pay to attend our business-to-business events, although there are exceptions to that. And increasingly, we're seeing the use of onsite registration fees used not as a revenue generator, but more to drive pre-registration which is useful in our matchmaking and recommendations efforts.

There are some select business models, such as our B2B marketplace business in Cannes and our pop culture portfolio, where admissions or participations fees are a more significant part of the model. Sponsorship includes marketing products and services, both physical and digital, but primarily related to the events, the physical events, that we're running.

The other segment covers a really wide array of revenues sources. It's everything from merchandise sales and commissions to a venue-management contract in Europe. All of those revenue strings and geographies and industry sectors of what we manage across – to manage the portfolio to achieve sustainable, underlying revenue growth. And as you can see here, we've generated growth above the Group average in each of the last five years. We recently reported underlying revenue growth of 5% for the first nine months of 2017.

Cycling is a feature of our model, as it is for the industry, with some shows being held on a two-year cycle versus annually. And although this effect is diminished somewhat over the last five years, in the current year, we expect the cycling-out effect to impact reported revenue growth by around five percentage points.

Small bolt-on acquisitions have typically added around one percentage point to our revenue growth over the last five years. And although cycling does impact our adjusted operating profit growth rate year by year, as you can see, our margin has gradually increased over this five-year period.

And when you look at our growth, the source of that, more than one-third of that underlying revenue growth comes from volume, primarily in the sale of square meters, but also in admissions and marketing products. Something less than a third comes from revenue management in yield. And something still a bit less than that comes from launches that are the first-time launches within the year.

**Strategic Priorities**

My discussion today is how we achieve that level of underlying revenue growth by actively managing the portfolios of events. And we'll start that with the strategic priorities that we have. Our first priority is to deliver improved outcomes for our customers and to continually enhance the value that we deliver. Our goal is to help our customers achieve positive business outcomes by increasingly combining the best of face-to-face in digital and data and analytics.

Now collectively, we talk about it this way. Our goal, as a company, is to see our customers individually with sufficient clarity to understand their needs, and to actively engage and to help them produce a positive business outcome. I want you to think about that. In that context, you see, data and analytics will allow us to see those individual customers and understand their needs clearly. Digital tools will allow us to engage with them individually. And the positive business outcomes we're seeking to achieve are within the context of our physical events.

That's the focus of that portion of our strategy. Now, Kumsal is actually going to talk about our numbers two and three up here during her talk and give you some more detail on that. But our competitive advantage in trying to do this is we have more than 500 events around the world, and that gives us the ability to drive rapid learning and innovation across the company.

We're enabling that with a global technology platform, but also a cultural focus on harnessing the power of our global network. And we're going to intend to do all of these things while remaining firmly committed to pursuing strong organic growth by prioritising faster growing markets and geographies, launching events, and extending and enhancing our brands, establishing new platforms for growth, going forward.

**Events Portfolio***Standalone exhibitions*

If I'm going to talk about the portfolio, we need to first discuss how many events we have. This year, we have 529 standalone exhibitions. There's a lot of ways to count it but I'm focussed on standalone exhibitions as this is our business. It's where I measure our performance. And it's what generates more than 95% of our revenue.

We define standalone exhibitions as events that we're running this year as well as exhibitions that are biannual, which will run next year which we are in the market, selling and marketing. Remember, our sales cycle is 12-14 months. It also includes launches that occur this year as well as launches that will occur[?] the market that are actively being sold and marketed for next year.

*Embedded event brands*

The embedded event brands sit within those 529 exhibitions. They do not have their own separate P&L. So, any revenue or cost associated with them sits within the 529. Now, these include brands that are separately marketed in order to give us an opportunity for sales or marketing advantage, but they exist within a show; so, for instance, a niche bridal event in a larger jewellery show.

It also included incubations of concepts that we hope to turn into shows. So, for instance, Prop Tech – so, a property technology event was incubated within our large MIPIM property event in Cannes. This year, it spun out as a standalone exhibition in New York.

And finally, in that embedded brands, it also includes events which were once standalone exhibitions, but which we've folded into another exhibition, going forward. Clearly, conference and licence events are clearly less of a focus for our business than they have been in the past.

### **Launch, Acquisition and Active Portfolio Management**

So, that's the number of events that we have and how it's changed over time. What drives that is the launch and acquisition, and active portfolio management. Over the last ten years, we've averaged about 35 launches per year, primarily into those faster-growing segments or geographies that I talked about earlier. And on average, we acquire 17 events annually, although I should point out that this is the number of events acquired. It's not a transactions number.

#### *Managing the portfolio*

With that said, we are aggressive in managing our portfolio, which is essential to maintaining a vibrant, healthy growing book of business. And that means that every year, there is a cull. Some years, more events are cancelled or divested or set aside than others. But you can see what our averages are over ten years.

Now, the things that we take out of the portfolio is a mixture of older shows that have reached the end of their life cycle. It's events that we launched, but that over a period of years, have not achieved the expectations that we had for them. And it can also include events that came to us as part of acquisitions that we choose not run going forward.

But in talking about the number of events – and it's important to know that the number of events is not as important as the value that our events drive for our customers, or the value that they drive in support of our growth goals as a company. It's that outcome that matters. Now, to keep the portfolio fresh, we obviously launch and acquire. And so, I think I'll spend a little bit of time on that.

### **Four Types of Launches**

#### *Adjacencies and co-locations*

In our business, we talk about four types of launch. This is our nomenclature. But adjacencies and co-locations are similar, but their defining aspect is that that they run alongside an existing event. Now, an adjacency will probably always run alongside that existing event because there is a benefit to that adjacent brand and the original event. And co-location is launched along an existing event because it benefits from that adjacency, but it can easily move to a time or a venue on its own.

Now in China, the example I have up here is a Sino Corrugated which is in the packaging industry. That's the original event. We launched an adjacency called Folding Carton to capture an additional segment of the corrugated sector and to take advantage of the existing buyer base that we are delivering to the show.

And then in 2016, we launched PACKCON as a co-location. Now to think about it, the buyers who come to Sino Corrugated and Folding Carton come from companies that are actually are

exhibitors at PACKCON. And we recruit an entirely new set of buyers to come to that co-location. This is the most common type of launch that we pursue in Reed Exhibitions.

#### *Clones*

Next is a clone, and this is where we launch an existing brand into a new region of its market. Now, typically we do this to take advantage of an underserved area or an untapped part of the market. For instance, Manufacturing Week is an event that we had in Tokyo. And last year we launched it in Nagoya. And I think that you can see from the opening ceremony that we're on a good growth trajectory with that one. It is a technique used in markets whose geography is broad enough or diverse enough that allows us to find those openings.

#### *Geo-clones*

Then there are geo-clones. Now, this is where we take an event in a brand from one geography and move it into a new market. And that's what Lucy is going to be focussing in on her case study.

#### *Greenfields*

The fourth type of launch that we pursue are greenfields. And these are launches that take us into industry sectors where we don't have any existing experience or brands. This is the least frequent type of launch that we do. But to use an American phrase, if I might, when we connect, it's usually homerun.

### **Acquisitions**

Now when we talk about acquisitions, we mostly focus on acquisitions that are smaller in scale and that serve one of three purposes. Over the last five years, we've averaged about \$40-50 million per year on acquisitions. This does not mean that we don't look at larger transaction opportunities; we certainly do. But for our strategy, these fit best.

#### *Bolt-on*

A bolt-on to drive growth in an existing sector and an existing geography is one type of acquisition that we look at. Rex in Moscow is a good example of that. Rex is a retail property event. And we saw a chance to extend our MAPIC property expertise from France and to accelerate growth in our Russian market. It has been a successful integration. And in 2018, it would become MAPIC Russia.

#### *Different geographies*

We also look at acquisitions that take us into new geographies via sectors that we already understand. That's how we entered Korea a couple of years ago. The original acquisition involved home decor and electronic manufacturing. We now have events in maritime, in franchise and we launched a pop culture event – try saying that three times – pop culture event in Seoul this summer. And last week, we completed the acquisition of Asia's premier coffee event in Korea.

#### *New sectors*

And finally, we looked to acquire so that we can enter into new sectors within existing geographies. This adds capabilities and learnings to the global business and it lets us take advantage of established quality teams to learn a new space. This is what we did with Bar Convent in Berlin, which we acquired in 2015. It serves the bar and night club space. We likes it a lot –the space the show occupies, not necessarily bars and night clubs. And we liked



it enough that we acquired a similar event here in London last year called Imbibe. We've learned enough from these two events that we're now launching Bar Convent, Brooklyn into New York in 2018. So, we are geo-cloning a brand that we acquired just two years ago.

You'll note there's not a fourth kind of acquisition up here for focus, i.e. a sector we don't know anything about in a geography we don't work in. That's not something that we'd put on our radar screen. But what you see with Bar Convent is not unusual. It's something that we look for as an opportunity anytime we look at a launch or an acquisition.

#### *Case histories*

And so, I'm going to finish with a quick case history on the Reed Pop, pop culture group. This is what it looks like when we put launch and acquisition together. Now the exhibitors in our pop culture shows are businesses. They range from small dealers in collectibles to major organisations like Disney, Sony, Lucas Film and I can go on. And they all have a business purpose for being at the event. The attendees, in this case, are pop culture fans.

And we started with a greenfield launch in New York in 2006. The idea actually came from the event director on our book show, who saw that the only vibrant areas in publishing at that time were graphic novels and comic books. The idea of a Comic Con wasn't new. They'd been running around in the US, but there wasn't anything of scale in New York.

So, we thought it was a good idea. We gave it a try. The fire marshal shut us down, made us quit selling tickets because there were too many people in the hall, at which point, we decided it might be a great idea. So, we started building it out.

In 2008 – the dark blue are actual acquisitions. In 2008, we acquired an event called PAX in Seattle. It's an event that was focussed on computer gaming. That became the second leg of our pop group and you can see how we've grown. It has mostly involved organic growth of the existing events. There have been clones, geo-clones, adjacencies, co-locations that have spun out now as standalones in new markets.

And we have made acquisitions along the way. The most recent one was MCM Comic-Con here in the UK last month. So, we're now the largest pop culture organiser in the UK. But what started as a greenfield launch, today is a business that reaches from the United States, here to the UK, to France, Austria, Australia, China, Indonesia – I love this – Singapore and Korea. It's approaching a \$100 million in revenue. And New York Comic-Con, where it all started with an event in 2006 that had 15,000 fans, in October this year, sold more than 200,000 daily tickets.

#### **Introducing Lucy Gillam**

Now, I want Lucy to talk about how she and her team have grown in cosmetics from a small peripatetic European event into a global brand. To size it for you, the portfolio for in-cos is about a \$25 million business.

Now, I didn't ask Lucy here because of her \$25 million business. I asked her here because she represents the best of who we are and what we endeavour to do. We have event directors all over the world who get up every day and try and do the same thing that Lucy and her team do, which is grow value for our customers and revenue for our business. Lucy?

## **In-cosmetics Segment**

Lucy Gillam

*Director of Lifestyle Portfolio, Reed Exhibitions, UK*

### **Introduction**

Thank you, Chet, and good afternoon. I'm Lucy Gillam, Director of the Lifestyle Portfolio at Reed Exhibitions, UK. I joined Reed Exhibitions as an International Sales Manager in 2002. And since then, I've worked in the International Sales Group and as Head of Sales, Event Director and Portfolio Director within Reed Exhibitions UK. Most recently, heading up the Lifestyle Portfolio of events, which covers the jewellery, cosmetics and drinks sectors.

### **In-Cosmetics Portfolio**

As Chet mentioned, our business is made up of more than 500 events. Event directors around the world are trying to grow their brands. And today, I'm going to talk about the international expansion of the In-Cosmetics Group into a market-leading global portfolio of B2B cosmetics ingredients events.

#### *In-Cosmetics Global*

The In-Cosmetics portfolio today has six events and a global reach. Our flagship exhibition is In-Cosmetics Global, an annual event for the global personal care industry launched in 1990 and anchored in Europe. It moves to a different European country each year to enable global suppliers to access the local buyer markets as well as an international audience.

#### *In-Cosmetics regional events*

We also have two regional exhibitions. In-Cosmetics Asia was developed via an acquisition in 2008 and anchored in Bangkok from 2010. It's now pan Asia-Pacific in scope and attracts buyers from across the region. In-Cosmetics Brazil was launched in 2014 and was subsequently rebranded In-Cosmetics Latin America as its buyer reach grew. We also have two local exhibitions. In-Cosmetics Korea was launched in 2015 and In-Cosmetics North America was launched in New York in 2016.

#### *Formulation Summit*

And we have one Formulation Summit launched in London in 2015. This is a different model, based on the need in the sophisticated European market for high-level conference-based event. And I should point out that when we talk about global, regional and local, we refer to the visitor audience or buyers. All of our shows have a global exhibitor base and these companies use In-Cosmetics to grow their businesses worldwide.

And here, you can see clearly the commercial benefits of our expansion, driving both visitor attendance and financial performance. Through strong customer demand, we've grown global visitors by 26% CAGR and revenue by 19% CAGR over a three-year period. Consistently high visitor growth and satisfaction delivers increased exhibitor numbers and revenues.

### **Customer Growth through Rapid Expansion**

And this chart shows that customer growth has more than kept pace with revenue which, as Chet told you, is now around \$25 million. To achieve these results and our market-leading position, we embarked on a rapid expansion between 2013 and 2016. And in the next few slides, I'll walk you through how we did it.

*Profile of our events*

First, I'm going to take you back to 2013 when we had just two shows, In-Cosmetics Europe and In-Cosmetics Asia. A little background on the profile of our events. Exhibitors are suppliers of ingredients for cosmetics products. So, these ingredients include functional substances that make cosmetics look, feel and smell nice. And the active ingredients, which are the ones which reduce wrinkles by 90% in four weeks, allegedly.

Global suppliers such as BASF and Croda are launching new products annually. And In-Cosmetics is where they promote them to visiting buyers. Visitors to the shows are predominantly R&D and lab professionals from multinational manufacturers such as L'Oréal and Chanel, but also local players and niche organic brands such as Dr Hauschka. R&D professionals from these leading brands find hundreds of new ingredients at each In-Cosmetics event.

*Economic context in 2013*

And a word about the economic context in 2013. We'd seen a rapid growth of the flagship show in Europe between 2000 and 2010. But the Western Europe cosmetics market was slowing down. Heightened competition, increased M&A activity and the shift of manufacturing to lower-cost geographies were all affecting industry growth.

Indeed, the personal care industries in emerging markets were showing, by far, the greatest potential. Asia was growing more than 10% year on year, primarily in China, Korea and ASEAN. And Latin America was also very attractive for suppliers. Brazil is actually the number two global healthcare market in the world.

So, in summary, we had great growth property[?], but it started to slow. The big question was how could we achieve above industry growth out of this brand? So, we needed a growth acceleration approach and detailed customer insight to inform our strategic direction. And this mirrors Reed Exhibition's global prioritisation of gathering customer insights to drive product development.

*How did we achieve the growth?*

In this slide, I'll talk through how we did it, taking our lead from our customers who were the global suppliers to the industry. In gathering customer insights, we carried out literally hundreds of interviews with both exhibitors and visitors, global and local. In terms of our approach to existing shows, all major suppliers were in our shows and not necessarily increasing their stand sizes year on year.

So, we expanded our non-space revenue offerings by considering other potential opportunities for exhibitors to promote their products and for visitors to experience innovation. So, exhibitors paid to have a presence on the Innovation Zone, which is a new product area, and delivered technical seminars, both onsite at the show and online.

We also built a Formulation Lab on the show floor, which provides visitors with an experiential link with their day-to-day and exhibitors with the opportunity to demonstrate the potential of their products in hands-on laboratory training sessions.

To develop our new launches, we took our lead from the customers. We gathered information at shows, during Advisory Board meetings and by phone. We asked them questions like,

where in the world do you want to play? How are you accessing those markets? And how can we help?

We also talked to potential visitors. How do you source ingredients? Would this kind of forum help you to grow your business? Basing our decisions on concrete customer feedback and financial metrics gave us confidence in commercial success and adoption.

#### *Three key success factors*

And we've identified three key success factors in our growth acceleration; minimising upfront investment by utilising existing talent; a test-and-learn approach; and harnessing our global network, which is one of Reed Exhibitions' key differentiators.

So in the first instance, we had a fantastic team of event managers and sales and marketing people who were really proud of being a cosmetics brand and ambitious to grow it. After one Advisory Board meeting where three-quarters of the members said they would exhibit in Brazil if we launched, we agreed we just had to do it.

So, everyone bought into the decision and roles were allocated within the existing team. At Reed Exhibitions, we have a huge opportunity to reach into the global organisation and pull talent forward. And we fully capitalised on this.

Secondly, we took an agile, iterative approach to the launches. In our business, years two and three are more important than year one. This is when the product becomes really established and embedded, and what we learn and apply is key to long-term success.

So, we've rolled out different trademark features at different times in different markets. For example, the Formulation Lab. It's used for technical training in Asia. But in the super-competitive US market, we host a MasterChef-style Formulation challenge which pits four leading personal care brands against each other to formulate a brand new product in 90 minutes.

We also have a value-led pricing strategy which has been rolled out comprehensively in Europe. But we price local shows according to local market needs. Indeed, all our launches have evolved in the second and third years to reflect local market characteristics and needs.

And last but not least, we drew on support from local Reed Exhibitions teams in the markets where we were launching. These teams provided valuable local expertise and support in operations, customer service, finance and other critical functions.

Perhaps most significantly, we've been able to utilise the global sales network and adopt a portfolio-selling strategy, giving us the ability to roll out our launches quickly to suppliers in all key international markets.

#### **International Sales Group**

And I'll now take a couple of minutes to talk about the International Sales Group, or ISG, which is a great differentiator for Reed Exhibitions and enables us to scale our growth. It's a centrally managed Reed Exhibitions team, boasting 176 employees working out of 14 offices, speaking more than 14 different languages, and supporting Reed Exhibitions shows exclusively. ISG sales people promote hundreds of Reed Exhibitions events across all sectors, enabling our customers to grow export sales and providing strong customer service to local companies exhibiting overseas.

So as an example, a sales person from ISG Turkey would recruit and support Turkish exhibitors to exhibit at Reed Exhibitions events across the world – perhaps a construction show in France or a jewellery show in the US, right through to being present at the show to assist them.

Chet mentioned an exhibitor who sold 20 tonnes of product at an exhibition last week. This was actually a Brazilian exhibitor at In-Cosmetics Asia in Bangkok. And they were recruited by our local ISG Brazil salesperson, enabled to access the local Asian buying audience via our exhibition.

Some shows have more than 30% of exhibitors coming from overseas and ISG helps us to maximise this potential and deliver value to our international customers.

This is my salesforce. All 14 ISG offices support my global business and it's a unique resource which has been integral to the expansion of the In-Cosmetics brand. Leveraging this global sales team, we've delivered great volume and organic revenue growth. And we work on our three to five-year plan every year to determine where the future growth is going to come from.

Thank you. And I'll now hand over to Kumsal, who's going to talk about the use of technology in exhibitions.

## **The Use of Technology in Exhibitions**

Kumsal Bayazit

*Regional President, Europe, Reed Exhibitions*

### **Introduction**

Thank you, Lucy. Good afternoon, everybody. I hope what Lucy shared with you shows we systematically drive organic growth at each and every one of our events through a customer-driven strategy.

Let me just introduce myself. I am Kumsal Bayazit. I'm the Regional President for Europe at Reed Exhibitions, which makes up roughly 40% of our global revenues. I've been in the RELX Group for 14 years. In fact, I think Chet and I started within a couple months of each other. And I started in our Legal business, initially. Then, I helped build our Risk business. And before joining Exhibitions, I was the Chief Strategy Officer for RELX Group.

I also chair our RELX Technology Forum. And for those of you who's not familiar with RELX Technology Forum, we shape technology strategy across the business, as well as share technology capabilities and talent across our four business areas through the forum.

Now, the last time I had the pleasure of seeing you all was couple of years ago wherein we had the Technology Teach-In in this very room.

### **Using Technology to Drive our Strategy**

Today, I will share with you how we use technology to drive our strategy of combining best of face-to-face with data and decision tools, as well as leveraging our global network and technology platforms to drive and scale innovation.

The so-what of what I will cover today is by building digital and data tools which complement the face-to-face experience. We're building a stronger value proposition for our customers and our events. We're leading to better generation of new business as well as better retention of exhibitors and visitors, which enables us to deliver above-market organic growth.

#### **Four Key Capabilities**

You may remember this from the RELX Technology Teach-In we had couple of years ago. I actually used the same slide. And there are four key capabilities required to deliver customer value through data and decision tools:

- Deep understanding of our customers
- Leading content and data sets
- Sophisticated analytics
- And lastly, powerful technology.

There are plenty of companies that can do any one of those four things. However, one of them is not sufficient. It's the combination of four which delivers value to our customers in our business.

##### *Our customers*

So, let me briefly cover where we are with each of these capabilities at Reed Exhibitions today. In Exhibitions, we have two sets of customers, as Chet mentioned. We have seven million attendees spending over 20 million visiting days with us. And we have approximately 140,000 spending more than half a million days with us at our events in a given year. So, we spend a lot of time with our customers due to our scale.

We have strong brands and long-standing ties to customer communities that we serve. In general, we have a very good qualitative understanding of our customers at the industry segment and geography level. Now over the last five years, we started utilising various quantitative methodologies to further our customer understanding. With these methodologies, we can segment our customers increasingly more granularly, based on their needs as well as on their behaviours.

For example, Lucy told you about the In-Cos portfolio where R&D professionals are from L'Oréal or Chanel and they're the visitors to the event. Now, at In-Cos, we can have an R&D professional who is looking for halal ingredients for a new moisturising cream. Another one may be interested in replacing an existing organic ingredient for a bestseller, anti-aging cream to improve the shelf life of the product. Now when we have the right data, we can see these visitors clearly and that allows us to help them get the best return on their visits.

##### *Content and data sets*

And that's we're building at Reed Exhibitions, comprehensive and unique data sets, both from traditional sources as well as from new sets of data, thanks to new sources of technology. Now, we gather strong data sets from our traditional sets of data, whether that's surveys, registrations or visits to more than our 500 websites.

For example, during the registration process, we accumulate about 20 unique data points per visitor registration and 40 unique data points for exhibitor registration. So in a given year,

that gives us roughly 140 million data points on visitors and more than 20 million data points on exhibitors.

We're also building new data sets, made possible by new technologies. For example, we can now capture physical interactions and movement during the event through the use of emerging technologies. We can see who visited whom, how much time they spent in each booth and what the traffic patterns are.

We're also tracking behavioural data across most of our events today. We can understand what the primary objective of the visitor is out of seven primary behaviours we identify, by conducting quantitative research across 40,000 visitors. Based on these insights, we design new physical features, like the ones Lucy talked about – a technical seminar or an innovation lab. But we can also build new digital tools.

We're also actually collecting deeper data sets on digital interaction through our web properties, which capture detail on more than 200 million website visits every year – number of visits, click-through to product and exhibitors, time spent on a exhibitor, on a product and social media sentiment analysis. Now, as all of these data sets accumulate, we can bring them together and that leads us to sophisticated analytics.

Now, it's early days for us at Reed Exhibitions compared to the other RELX business areas, but we're making really good progress. We're linking these different data sets and we're experimenting and innovating for better customer outcomes, both at the event as well as before and after the event. For example, we're building algorithmic models that connect buyers and sellers with targeted and curated recommendations at each of our events.

#### *Analytics and technology*

And bringing together data and sophisticated analytics, based on customer insight, is enabled by global technology platforms. We're rolling out a new digital platform that upgrades our ability to collect and enrich data and provides digital tools to our customers. We're also deploying global business systems to enable rapid globalisation of local innovation pilots.

And we're bringing in great technology talent, both from RELX and from the outside world, to build our technology, data and digital capabilities. We can also tap into the RELX technology. Last year, for example, we had folks from our Risk Division help us build our visitor data sets, which turns to be the largest data set we deal with in our business.

And finally, strategic priorities, we have increased investment in technology.

### **Harnessing Innovation**

The entrepreneurial culture and the amount of innovation that bubbles up from the Events teams is genuinely impressive at Reed Exhibitions. And as Chet said, our strategy is to harness this innovation that used to stay in one local event and implement and scale it globally. And we have a structured approach to do that.

#### *Qualification*

Across our portfolio of 500 events, at any given moment, we will have 30 to 40 experiments and pilots going on. The first phase of innovation is qualification. It's understanding the customer problem and designing the solution. We usually will have 15 to 20 ideas that we're working through at any given time.

### *Testing*

The next phase is testing. We can test ID anywhere from one to five events.

### *Rapid learning phase*

And once the idea is proven out, we move it to the rapid learning stage. We'll have a handful of ideas in the rapid learning stage and they're usually implemented in 10-15% of our events.

Most of the innovation that makes it to this stage will go into global implementation. During rapid learning, we're really improving the product, the sales and the marketing approach. And at any given time, you may have one to three ideas that actually are being implemented globally.

### **Example of Testing Phase**

Let me now give you an example from each of these phases to bring it more to life for you. The first illustration is in testing stage. And with this new feature, we're making it easier for our buyers to find what they're looking for. This test is taking place in MIP Junior, which is an event co-located with MIPCOM in Cannes.

MIPCOM is where the TV industry gathers to negotiate trading rights for TV programme rights, which is a multi-billion dollar industry. TV programmes buyer's job is to find the right programming for their audience. For example, in an event like this, we'll have buyers from Radio Television Hong Kong, a public TV Station, Turner Broadcasting, or Hopster, which is a streaming platform for kids online.

Before negotiation starts in the market place, teams of buyers have two days to screen approximately 1,000 new programmes. And each buyer will have specific needs, based on their programming schedule. The Hong Kong buyers may need educational programming for three to five-year olds during daytime. And Turner Broadcasting may need entertainment programming for tweens. After buyers shortlist their choices, they negotiate for the rights with the content producers, who are exhibitors at MIPCOM.

Now to make the screening of 1,000 programmes more manageable for the buyers, we built a proprietary recommendation engine. Our Elsevier ScienceDirect Direct team helped us build the custom algorithms and lent us their expertise to get us started. We had this idea in April and we were able to implement it to test in the October show.

Now, let me show you what this feature looks like. It's an actual video we use with our visitors to promote the feature.

[VIDEO]

Now, I have a ten-year old daughter and she cannot believe this is actually somebody's job – they get to watch animated movies all day. And this is what she wants to do when she grows up.

So, customers benefitted from discovering new content at the test and we had some really good results. 72% of the buyers clicked through the recommendations. And on average, they actually viewed five additional programmes. And 35% of the buyers logged in post-event to continue their screenings. So, very good results for a beta test, so we'll continue to build on this.



## Examples in the Rapid Learning Phase

### *Example 1*

Let me give you another example, which is in rapid learning phase. And we held about a dozen events tracking physical movements of visitors for targeted attendee recommendations and exhibitor benchmarking. There are many technologies that are available for tracking movements, working to different degrees of accuracy today. Bluetooth, Wi-Fi pings and sensors are the most common ones.

These technologies enable us to track attendee movements throughout the show, understanding where they spend their time. We're then able to link this to other data sets to give visitors more real-time, relevant recommendations as they're actually walking around the show.

Now, we ran this particular example in JIS Miami, which is a jewellery show. And what was really encouraging was the opt-in ratios because we asked people if they want to be tracked before we do it, obviously. And exhibitors actually opted in; more than 99% of the exhibitors wanted the tracking. And more than 75% of the visitors opted in as well. And that proves that the visitors and the exhibitors see the value of this data set.

I'll show you a quick demo right now. And you don't have these slides in your pack, but you can see what kind of information we can provide to the exhibitors. So, this is a heat map to show where the visitor concentration is. Red is the most dense areas. And this picture will change, depending on the day and the time. So, you'll get more red as the day goes along and it will get colder as we get to the end of the day. The red areas are priced at a higher premium because they generate more traffic.

We provide the exhibitors with an event summary for the visits at the end of each day. Now, we have blurred out the names here because they are real customers and we didn't want to show their names to you without them knowing. But what the exhibitor will get is, how many visits did I get? How many unique visitors did I get? What was the average number of visits per attendee that came to my booth? What was the average visit time? What was the maximum visit time? And they can actually compare themselves to other exhibitors to see what kind of traffic they're able to generate.

And then, they also get a summary of all the leads at the end of the day. And this is an example where you can see, if I just look at the top one there, it's a potential buyer who spent two hours and 12 minutes at the booth of this exhibitor. And they visited six times, so you know they're a serious buyer. And you can also see that they visited four other booths and spent significant time there too, so you know you got competition as well. So, this is very valuable information to identify the hot leads for our exhibitors.

### *Example 2*

Let me walk on to another example which is also in rapid learning phase. And we implemented this in all of our events in one region. With this predictive analytics tool, we're able to detect at-risk customers who are unlikely to rebook for the next edition. We then work with those customers ahead of the event to ensure that we meet their needs. And we've been able to significantly improve rebooking rates for at-risk customers using this approach.

So, how did we do this? We actually copied an approach that was already in use in our Risk business and we built an exhibitor database combining all the data sets available. We used our HPCC big data platform with support from the Risk teams, who trained the Exhibitions teams. We collected 3,900 factors, ran models to understand which were the most predictive and then selected eight which was the most significant. We then actioned customers at-risk with specific sales and marketing programmes. And as a result, we were able to improve rebooking rate for the at-risk segment by an additional 13 percentage points across the events where we tested this.

We're now starting to migrate this to other regions as well because it's a great tool to understand who is not having a good experience at the event and how we can improve their experience at the event.

### **Example of a Global Implementation**

Lastly, this is an example of a global implementation, Matchmaking 2.0. And we provide visitors with product recommendations based on their needs. And to bring it alive, let me give you an example.

Let's say Eleanor is a visitor at In-Cos and she's an R&D Director for a major personal care brand. And she has multiple active projects that she's been working on and one of them is the development of an anti-pollution skin cream. And this really exists, I asked Lucy to give me a good example there – anti-pollution skin creams.

So when Eleanor is registering to the event, she would indicate her needs through our Matchmaking questions. In this case, Eleanor would choose active ingredients, skin care, anti-pollution, and she may say, "I want a supplier in North America." We would match Eleanor's needs with the right exhibitors.

Now, we enabled these recommendations through registration data, and use proprietary and third-party technology solutions to build custom algorithms for each event. Across the events, when we implement matchmaking, we see significant increase in attendee satisfaction with the event. When attendees receive and use one of our recommendations, they have a 45% higher net promoter score. And they tell us that the recommendations made them aware of new companies and products, and led to a higher quality and more meetings at the event.

I'd like to highlight a couple of points in this example. First, you can see on the right here how scaling innovation works when we work across events. This is actually from 2007. And we AV-tested different approaches and algorithms at each event to assess what works better in a data-driven way.

So in this example, PGA is a golf show that takes place in Florida in January. We tested things there. The better approach was implemented in In-Cos in London, which takes place at the beginning of April. Again, we took the better approach from In-Cos that was tested and implemented Arabian Travel Market, which takes place in Dubai at the end of April. And worked in all three, everything we learned was implemented in SMART in Vienna, which is an industrial automation show in May.

Now, why is this important? Because it would have taken us four years to optimise the product if we were doing it on the same event. Because you have every edition, you can

actually improve a variable. But we got to actually optimising the product within four months by implementing it across four different events over four months.

Second, you can see we went from eight pilots in 2015, where we were testing matchmaking, to 80 events in 2016, which was in rapid learning phase, to global implementation, over 200 events in 2017.

I hope that you can see through the examples I've shared with you that we have proved that we are able to deliver improved outcomes for customers through the use of digital and data, both at the event as well as before and post the event.

Thank you very much, and I will now hand it over to Chet to wrap up the presentation. Thank you.

## **Conclusion**

Chet Burchett

*Chief Executive Officer, Reed Exhibitions*

## **Closing Remarks**

Thank you, Kumsal. Well, I hope this has been helpful. In conclusion, Reed Exhibitions is the global leader as the industry has been defined. We've a broad, diverse portfolio. We're pursuing organic growth strategy, which is primarily driven by developing our portfolio through event growth and launch with selected bolt-on acquisitions. But I want to be very clear that our focus, going forward, is to create increasingly individuated value for our customers by combining the best of face-to-face with digital – tools, data and analytics. That's what will define leadership in the future: who can deliver defensible, unique value for customers and enhance the value within the exhibitions themselves.

The scale of our portfolio allows us to drive rapid learning and innovation. You heard Kumsal and you saw the examples. And the customer-centric culture at Reed Exhibitions is allowing us to advance value rapidly. From eight pilots in 2.0 in 2015 to more than 200 events implementing that capability that here is what we are capable of and it is what we are committed to.

And also, I would like to say that our position within RELX uniquely qualifies Reed Exhibitions to lead this value transformation. We have the ability and the capability to tap into resources that others in the industry do not have within their organisations. And we have the organisational will to achieve a goal because it is consistent with what RELX is doing across the other divisions. Our ability to manage the portfolio actively, to drive strong underlying revenue growth will let us do that and achieve goals for the future even as we deliver performance in the present.