



Center for Exhibition Industry Research

# INDUSTRY INSIGHTS SERIES

## Unraveling the Myths About Material Handling

**It is A LOT More Than “Just the 50 Feet from the Dock to the Booth” Exhibitors Are Paying For**

*By: Aaron Blutworth, with contributions from ESCA Executive Director Larry Arnaudet and ESCA 2019 President-elect Neil McMullin*



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*Moving materials in and out of exhibitions can be one of the most expensive and frustrating aspects of exhibiting for many exhibitors. The objective of this report is to clarify Material Handling and identify the primary cost drivers of the service. Additionally, this report will explain the complexities that often lead to the question, “Why does it cost more to move my freight from the dock to my booth than from my office to the dock?”*

## What is Exhibition Material Handling?

Material Handling, which has previously been referred to as “drayage,” is the time-critical delivery of goods to and from the exhibition floor. In the United States, Material Handling is typically a service provided by the official service contractor (OSC) appointed by the exhibition organizer. Material Handling is contracted by the OSC to an official provider as an exclusive service due to the centralized control required (time, safety and security) to effectively move a show in and out within the window of time for which the facility is leased by the organizer.

Having an exclusive provider allows the managed flow of materials on and off of the exhibition floor. Without the exclusive provider, the process would either evolve into chaos or require an unrealistic amount of time to accomplish. This is necessitated by the compressed time frames available in the venues.

## Why is Material Handling So Expensive?

An exhibitor’s materials are typically handled by the OSC a minimum of six times for each event, and each time requires extensive planning, equipment and labor.

Material Handling is often one of the most significant revenue sources for the OSC; however, it is also always one of the largest expenses. The provision of Material Handling is a costly service, due to many expenses incurred by the provider, including but not always limited to the following:

- Supervisory Personnel
- Labor
  - o Training
- Heavy Equipment
  - o Forklifts
  - o Trucks
  - o Cranes
- Transportation and Fuel Costs
- Remote Marshalling Yards
- Security Costs
- Storage and Processing Facilities
  - o Supervision and Labor
  - o Storage of Materials up to 30 Days Prior to Move-In
- Disposition of Unidentifiable and Abandoned Materials
- Exhibition Venue Trash Disposal and Cleanup
- Insurance
  - o Workers Comp
  - o Liability
- Communication Equipment




Material Handling rates are calculated based on numerous factors, often specific to a given show. Factors that are considered in calculating Material Handling rates include:

- Show Schedule
  - o Overtime
  - o Holidays
  - o Duration of Move-In/Move-Out
  - o Weather
  - o Traffic
- Type of Materials Being Handled
  - o Special Equipment Needs
  - o Special Skills Required
  - o Time Required
  - o Risk of Damage
- Geographic Location of Venue
  - o Labor Costs
  - o Work Rules
  - o Local Taxes
- Logistics of Facility
  - o Convention Center, Hotel, Non-Traditional Venue
  - o Ease or Difficulty of Access
  - o Availability of Docks
  - o On-Site Empty Storage Availability
- Fees or Commissions
  - o Facility Commissions
  - o Other Fees
- Complimentary and/or Discounted Management Services Required by the OSC
  - o Graphics and Displays
  - o Registration and Entrance Treatments
  - o General Decorating
  - o Furnishings and Show Equipment

Many of the costs outlined above are incurred whether a show is currently in process or not. As a result, these non-show specific costs must be spread across the pricing for all shows. OSCs face great variability in Material Handling volume and have to be prepared to scale their operations for whatever comes, regardless if the volume is greater or less than anticipated. Though the impact of this variability is minimized through complex planning processes and use of technology, there is a certain amount of unrecoverable expense inherent in the real-time scalability required to effectively deliver time-critical services.

## How is Material Handling Charged?

In an effort to provide predictable pricing and efficient billing, with few exceptions such as small package handling and special very heavy machinery, Material Handling is typically charged either in increments of 100 pounds, or “cwt” (one hundred pounds), or by the pound depending on the contractor and show. Often there is a 200 pound minimum charged per shipment to cover the minimum costs incurred per shipment. For the same reasons, most shipments are categorized into one of several rate classifications, including:

	<p><b>Crated:</b> Material that is on a skid or is in any type of shipping container that can be unloaded at the dock with no additional handling required.</p>
	<p><b>Special Handling:</b> Material delivered by the carrier in such a manner that it requires additional handling, such as ground unloading; stacked and constricted space unloading; designated piece unloading; loads mixed with pad-wrapped material; loads failing to maintain shipping integrity; carpet and/or pad-only shipments; and shipments that require additional time, equipment or labor to unload. Most of the common overnight or expedited carriers are usually included in this category due to their delivery procedures.</p>
	<p><b>Uncrated:</b> Material that is shipped loose or pad-wrapped and/or unskidded machinery without proper lifting bars or hooks.</p>

Depending on the contractor and the show, variations in pricing for each category based on overtime delivery or outbound shipping may be pre-factored or “blended” into the rate for each classification if the entire move-in or move-out is happening during overtime hours, or overtime charges may be listed as a separate charge only to be assessed if a particular shipment arrives or leaves during overtime hours.

### COST SAVINGS TIP WHEN PLANNING YOUR SHOW SHIPMENT

**As a general rule, shipments checking into the marshalling yard prior to 3:00 p.m. Monday to Friday are handled without overtime charges.**

### SAMPLE MATERIAL HANDLING SHIPMENT CALCULATION:

Weight of shipment (Rounded up to CWT)	x	Classification Rate	+	Overtime (If applicable and not blended)	=	Total Material Handling Charge
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### HOW CAN I MANAGE MY MATERIAL HANDLING EXPENSES?



**Understand the Costs for Your Show: Don't Get Surprised! Familiarize yourself with the show services, including pricing and deadlines, and take advantage of the best pricing.** Make sure your shipments arrive at the most cost-effective location, at the most cost-effective time, and where possible, fit into the most cost-effective classification.

**Engage the Official Service Contractor: Contact the contractor and discuss your Material Handling needs to ensure your understanding is correct and that you are taking advantage of all possible cost savings.** Work with the contractor to make their provision of Material Handling services more predictable and discuss possible special pricing considerations in return on large shipments. Consider using the shipping services provided from door-to-door by many contractors, allowing your pricing to be even more predictable by eliminating more variables for the contractor. The more of the process they have within their control, the more efficient they can be, which should result in savings for the exhibitor.

## Detailed Explanations of Material Cost Factors

	<p><b>Move-in/Move-out schedule:</b> If a show moves in or out after regular hours, on a weekend or on a holiday, then the cost of labor is often greater due to overtime rules and policies, either governed by a union collective bargaining agreement, employment laws or company policy. Overtime can increase the cost of labor by three times or more than straight-time rates in some scenarios.</p>
	<p><b>City:</b> Labor costs vary greatly from city to city. Straight-time labor costs can be over 400 percent in the most expensive cities compared to the least expensive.</p>
	<p><b>Facility:</b> Some facilities are difficult to move in and out of and require an increased amount of labor and specialized equipment. This can be driven by rules imposed by the venue, lack of adequate marshalling space, distance from docks to exhibit space, lack of sufficient docks, etc.</p>
	<p><b>Special skills required:</b> Loads requiring special handling, the use of special equipment to unload and transport, etc., can require more labor and more expensive labor.</p>
	<p><b>Weight of materials:</b> Loads that require specialty equipment to unload require specialized equipment and more expensive operators and often require additional labor to safely unload and load.</p>
	<p><b>Type of truck and load being delivered:</b> Flatbeds and low bed moving trucks (“padded vans”) require additional labor as the materials are often not able to be easily unloaded or moved with pallet jacks or forklifts which typically speed the process of unloading and delivering materials.</p>
	<p><b>Location materials received:</b> Advance delivery locations compared to delivery directly to the showsite often impact the type and expense of labor required.</p>
	<p><b>Day and time of delivery/pick-up:</b> “Targeted” delivery dates and times are established to reduce labor requirements for the movement of materials; when materials are delivered outside the designated times, maximum labor efficiency is usually not able to be attained.</p>

## Conclusion

The above information covers the large majority of material handling scenarios; however, OSCs regularly work with show organizers to customize the pricing model for specific show circumstances and organizer/exhibitor needs. Common exceptions to the traditional model detailed above include blended rates that account for all variables in one fixed and predictable price per pound or hundredweight (cwt), per square foot of exhibit space material handling pricing, time and materials pricing for shows with large volumes of specialty equipment (manufacturing machinery, boats and vehicles, etc.), as well as non-traditional events with different costs and revenue sources than traditional trade shows.

Material Handling is one of the most costly aspects of exhibiting due to the many variables in costs and unpredictability in delivering the service by the OSC. In most cases, Material Handling costs can be determined in advance of the show. Significant frustration and surprise can be eliminated by taking a few steps early in the process to ensure complete knowledge of the pricing for the event.

### ***About the Author***

Written by Aaron Blutworth, President and CEO of Fern, an official exposition and live events service provider, former CEIR chairperson and past president of ESCA (Exhibition Services and Contractors Association).



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