



TRADE \approx OFF



TRADE SHOWS FACE NEW CHALLENGES AND WORK HARDER TO WOO CUSTOMERS AS MANUFACTURERS AND RETAILERS CHANGE THE WAY THEY DO BUSINESS.

BY MARCUS WOOLF

Call it the trade show equivalent of “speed dating.” For three days, 30 vendors and 30 buyers sit down for a marathon series of 20-minute, one-on-one meetings. There’s no equipment, no blaring music and no demo classes—no distractions. Just hardcore get-to-know-you conversation.

As unconventional as it sounds, this was the scene in early spring at a SIBEC program for the health, spa and fitness markets, one of several buyer/supplier conferences produced by the UK company Pelican Events. Jo Ann Seager, senior director of communications for Life Fitness, said this was her first time attending such a gathering. “It was very productive,” she said. “There was no trade show, so no equipment.” But buying without trying? Hey, no problem. The event was held a few weeks before the IHRSA show, so she said, “a lot of people who came to the event then came to IHRSA to get on the product.” Deals sealed. Minimum time wasted.

That trade show version of “speed dating” is just one example of how the show world has evolved radically since its long-gone heyday in the ‘80s and ‘90s. A decade ago, trade shows ruled the roost, but many grew bloated and extremely expensive for both sides, and still managed to neglect customers. As business costs soared and the economy slumped, companies trimmed marketing and travel budgets, causing trade shows to suffer. While fitness manufacturers and retailers have continued to attend critical shows, they have also looked for other cost-effective ways to interact with customers. Trade show producers realize these days more business is done away from the trade show venue, and companies really scrutinize how they partici-



pate in shows. Whereas people once gazed at shows with starry eyes, they now cast critical looks.

TRADE SHOW MARKET HOBBLING

Fortunately, fitness trade shows have remained relatively healthy compared to the general show market. Overall, the poor economy and the 9/11 terrorist attacks put much of the trade show industry on the mat with a one-two punch.

Though the trade show market has begun to pick itself up, it’s still hobbling through a slow recovery. According to Trade Show Week’s Executive Outlook report, gross revenue for trade shows grew only 2 percent in 2003. Trade

Photos Courtesy of IHRSA and Health & Fitness Business.

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—Roland Murray, vice president of marketing, Cybex

show executives predicted gross revenue would grow by 8.8 percent in 2004, but 5.4 percent is a more likely figure.

Over the past two years, the trade show industry has not only wrestled with economic challenges, but an image problem as well. “The systemic problem is that 10 years ago there was a favorable attitude toward shows, all over corporate America,” said Michael Hough, a consultant who advises on the strategies and tactics of organizing profitable trade shows. “On a scale from 1 to 10, shows had a favorable rating of about 6. Now it’s a 4, because people have been buried with lousy shows, or shows that were too big have shrunk. We as an industry have to overcome that.”

FITNESS IN GOOD SHAPE

As a whole, fitness trade shows have weathered the tough times and are making a favorable impression. “The show we just had in Las Vegas was the largest we’ve ever had with regard to exhibitors and exhibit space,” said Tom Hunt, exhibit sales manager for IHRSA, now in its 27th year. “Every year of the past five years, the show has consistently grown between 8 and 12 percent,” he said.

As another example of growth, the Club Industry Conference & Expo saw buyer attendance grow 16 percent from 1999 to 2000, according to Zari Stahl, group show director for Primedia Business Exhibitions. From 2000 to 2001, buyer attendance still grew, albeit much slower; another 5 percent; 2001 was a slow year with the event barely two months after 9/11. But a bit of growth crept back as the number of exhibitors rose from 201 to 236 from 2001 to 2003 although booth spaces stayed on par, indicating a cutback in size, perhaps due to budget constraints.

The Health & Fitness Business show produced by the VNU Sports Group and now in its sixth year as a conference and show also seems to have hit its stride, although still remaining cozy in numbers. From 2002 to 2003, the number of exhibitors grew from 117 to 134, with 2004 looking to surpass that as of mid-July. In that time, attendees (including exhibitors and others) rose from 2,310 to 2,420. Not breakneck, but not too shabby.

Certainly, interviews with manufacturers and retailers revealed positive buzz for these shows. But there is also evidence that fitness companies are more carefully scrutinizing which shows they attend. Just consider what has happened to the once-mighty Super Show, produced by the Sporting

Goods Manufacturers Association (SGMA). A decade ago, attendance at The Super Show was practically mandatory for all recreation and sports companies, including fitness, but the first quarter is a tough time for fitness to head off to a show. At least for the retail segment, the Health & Fitness Business show has replaced it as a seminal event by catering specifically to specialty fitness retailers, although it also

competitors six to seven months of lead time to launch (a similar product) better than you did back at The Super Show.”

The Super Show may also be suffering from the fact that many businesses now avoid shows that do not target their specific needs, and many point to that show’s broader sporting goods orientation. As one retailer described the situation, shows that cross many markets have “too much



garners interest and attendance from other segments such as sporting goods. Why? It’s focused, whereas at The Super Show attendees have to sort their way through the likes of baseballs, hockey collectibles and pool toys to find fitness.

While SGMA stopped releasing hard numbers nearly two years ago, it claims attendance for January 2004’s The Super Show reached 75,000. But SNEWS® (a GearTrends® news service, www.snews-net.com) wrote the “desolate aisles” betrayed that number. Show Director Peter Haines told SNEWS® that buyer attendance was up “about 3 percent” and overall attendance was off “as much as 2 percent.” The fuzzy math creates a vague picture, but interviews for this article indicated clearly that The Super Show’s relevance has declined dramatically in the eyes of the fitness market.

“Manufacturers developing new machines are hesitant to launch in January,” said Mike Cochrane, Bodyguard’s global sales and marketing director. “It just gives

noise that I have to filter through.” Some say they just feel lost in the mix. “In the end, it’s not a show we need to attend. The Denver show is what drives our specialty fitness business,” said Carlos Vasquez, president and co-owner of Florida-based Busy Body Gyms To Go.

THE KINGLY RETURN ON INVESTMENT

Because the cost of doing business has increased dramatically, companies are much more careful these days when allocating resources to trade shows. Chris McKnight, president and part owner of retailer Premier Fitness in Little Rock, Ark., said he spends much less time at any given show. “A few years ago, I would spend three or four days at a show, but now I go for a day and a half,” he said.

Likewise, fitness manufacturers are paying more attention to the costs and benefits of attending shows. According to the Industrial Association for Exhibition Management, eighty-seven percent of show



producers have noticed that, over the past three years, “exhibitors have scrutinized their event marketing expenditures more than they did in the past.”

“We look for feedback from every show,” said Seager of Life Fitness. “We don’t get down to saying, ‘We spent \$10,000 on this show, did we sell \$20,000 worth of stuff to cover it?’ But trade show managers and key salespeople complete a report saying which competitors were there, which customers were there. We look at where we were placed on the floor compared to competitors. We use that the next year for our show planning.”

Cochrane of Bodyguard said being smart is key: “You have to pick shows and be smart about what you pick, because we’ll spend \$75,000 in three days. Nowadays, you go with a greater expectation of dealer potential. You have to know who you can follow up on.”

Cybox now compiles large amounts of data that it gathers at shows. “We really focus on capturing results through technology,” said Roland Murray, vice president of marketing for Cybox. “We have complete visibility to leads and qualified leads we generate from trade shows.”

Facing greater scrutiny, trade show producers said they are more mindful that they must constantly prove their shows’ worth. “At IHRSA, we always have to be prepared to justify why they should be spending the money with us,” Hunt said.

While fitness manufacturers place greater emphasis on their return on investment, they still invest heavily in trade shows, although some are spreading their wings into other related arenas. Scott Logan of SportsArt America said that in 2003, trade show-related expenses accounted for 46 percent of the company’s marketing budget. Seager said that Life Fitness participates in about 100 trade events each year. Twelve of these are major trade shows, while 40 to 50 are coach’s clinics and other professional or training events.

“What has changed are the kinds of shows we go to,” she said. “We are looking at more vertical market shows—anything that’s not a health club. Spa shows, hospitality shows, active aging, military, fire and police....”

POWER OF PERCEPTION, MEETING OF MINDS

Fitness manufacturers continue to invest heavily in trade shows not only to find new business, but because the shows remain important networking and gathering places within their core markets. Like other industries, however, the fitness trade shows have moved beyond the mere buying and selling of product, with the type of work



done at and around shows changing. For example, shows no longer focus on order writing, and manufacturers said the primary goal is to build the brand. Companies in the fitness industry agreed that shows play an important role in positioning a brand among its competitors. Cochrane of Bodyguard said a company must not only show up, but must also appear significant.

“I have once again increased the size of our booth in Denver,” he said. “We’re going to be 1,400 square feet, and last year we were 1,000. It sets an appearance of who Bodyguard is in the industry.”

Seager has a similar view. “Where you show up and how you show up is important,” she said.

These days, though, it’s still not enough to simply put up a behemoth booth or fill a large space. Hunt of IHRSA said he’s noticed that companies are definitely much more sophisticated in using the trade show as a well-coordinated element of their total marketing approach. “Companies are more effectively using outreach to make the best use of the show,” he said. Trade shows such as IHRSA have reacted by offering additional services. “IHRSA helps companies coordinate pre-show marketing,” Hunt said, and the group offers more sponsorship opportunities or exhibitor-attendee introductions.

“In the old days, you just looked at it as a show,” said Murray of Cybox. “Now, I look at it as a marketing event.”

So why are trade shows still relevant? Primarily because they present a universe of companies and product under one roof. National shows provide context and allow buyers to put companies and their offerings into perspective. If a buyer finds a new product, but doesn’t understand its place within an overall market trend, it does no good. National shows also tip buyers to the latest breaking trends, and allow them to get the general “buzz” of what’s hot.

Nevertheless, the challenges for shows are far from over. More work is now conducted away from trade shows, and manufacturers are using other opportunities to introduce new products.

BEYOND THE SHOW FLOOR

The company Time and Place Strategies

Inc. recently published a report titled, “A View to the Future of the Trade Show Industry.” The report stated that, “The relative importance of trade shows in buyer/seller relationships, communications and transaction volume has declined over time.” The report suggested that if you think of the buying/selling process as a loop, manufacturers and retailers are interacting with each other directly beyond the trade show venue, closing the loop, and in some ways actually squeezing out trade shows.

For example, in the last few years, fitness manufacturers have increased the number of “fly-ins,” where they invite retailers to their headquarters or other locations to show them facilities, introduce product and work on marketing plans. “We meet with the owners of dealers three or four times a year in addition to shows,” said Seager of Life Fitness. “It all works better than at trade shows, where it’s hard for us to get (customers’) attention, and it’s hard for them to get our attention. If you do it privately, it’s a more focused conversation.”

While some retailers appreciate the attention (and perhaps the first-class boondoggle), fly-ins they say can overstretch an already busy work schedule. “It alters your life a bit,” said Vasquez of Busy Body Gyms to Go. “I have put off as many of them as I have done because of time taken away from my wife and my kids.”

One retailer turned down four, count ‘em, four, fly-in offers last year. “We point blank told them it wouldn’t work for us,” the retailer said. “We would have to visit all the manufacturers we could hit at one show, and it would really interfere with our business.”

In May, James Bond, director of retail for Leisure Fitness, attended a Nautilus event in Colorado where the company rolled out its brand strategy and new products. Plus, Nautilus asked for lots of feedback to try to improve itself as a company. While it was time well spent, Bond said, “It’s important that these do not become a replacement for the trade show. If every manufacturer took this approach, I wouldn’t have time to run my business. We need an avenue where we can visit everyone. Plus, without the show we have no op-

