

Steve Miller's Ramblings

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WILL YOUR SHOW BE ALIVE IN SEVEN YEARS?

I had lunch a couple weeks ago with the manager of one of the largest trade shows in the United States. As we ate, he seemed to be asking a lot of questions about my consulting work with other shows. What problems did I see them having? What were their major areas of concern? How were other organizations preparing for the future?

As his questions got deeper, I asked if he was concerned about his show's future. "Absolutely," he replied. "It's becoming more and more apparent to me that we don't have a clear vision of where this show should be going. It's running on inertia and not by design. We're only focusing on the *next* show, the day to day operations, rather than on what the show is going to look like in five or ten years. We're stuck on short-term tactics and have no long-term strategy."

You've got to admire his honesty. Yet, after we parted I couldn't help wonder how many other shows across the U.S. (and around the world) are in that same situation.

Trade shows go through the same four stages of life cycle as corporations do: start-up, growth, maturity, and decline. During the Start-Up Phase, the show works hard to attract both exhibiting companies, as well as buyers, recognizing that both are their customers. Marketing and promotional efforts are directed at attracting the two audiences.

In the Growth Phase, the total number of attendees each year actually outpaces that of the number of exhibitors. The show becomes successful, simply because there appears to be a large number of buyers in attendance. The aisles are crowded and exhibits are busy. As a result, the law of supply and demand rules. The supply of buyers is high, therefore the demand for exhibit space increases. New exhibitors want space and old exhibitors want more space. The show is happy to accommodate those people by allowing the show size to grow on its own.

At some point in the life cycle, the show basically taps out its major population of buyers, since, ultimately, there is a finite number of them. In some cases, as with many industries today, the population of buyers actually diminishes through mergers, acquisitions, and downsizing. However, the built-up momentum of space sales continues. If the exhibitors want more space,

and it's available, the show is happy to oblige. After all, the sponsoring association can only increase its show revenues two ways: by increasing cost per square foot, or selling more space. The latter is always easiest.

The problem with this is simple. The show goes into the Maturity Phase. Buyer attendance goes flat or declines, and at the same time, the net square footage of the show continues to increase. The crowded aisles go away and the show takes on the appearance of the "Empty Aisle Syndrome." The actual buying power of the attendees may not decline, but because of the appearance of fewer people, the show will eventually suffer.

Another factor that may affect a show in the Maturity Phase is new competition. A new show that comes along offering something different may appear to be fresh and alive. It may also appear to not carry the political and corporate baggage represented by several years of complacency. It's not unusual for exhibitors and attendees alike to complain about dullness and "this show always looks the same." (Especially in today's market, for-profit show management companies are much like the proverbial wolf, eagerly looking for the weak lambs to cull out of the herd and feast upon.)

At this point, the show must make the decision of re-inventing itself, or face the inevitable fourth stage: the Decline Phase. In studying the shows who have disappeared or dramatically declined since 1982, each of them has gone through this same basic scenario. Recent examples of Summer CES and the Home Center Show support this.

Many of today's largest shows are in the Maturity Phase of existence, which begs these questions:

- How do organizations, whose majority of annual revenues are generated by expositions, effectively stave off new competition?
- Do shows understand if they are, in fact, in the Maturity Phase?
- Do they plan to make efforts to re-invent their show, or stay the course, leading to inevitable decline?
- Will the future buyer population increase in the same proportion as in the growth years? Will it increase at all? Many shows attendance figures are suffering from the decline of buyers, industry-wide downsizing, and mergers, as well as the new problem of a small handful of buyers controlling major pieces of the pie.
- How do shows, including state and regionals, tap into the international market?
- Is it possible, or even desirable, to work at attracting more attendees to the show? Or has the show reached a point of diminishing return on attendance promotion?
- How do other shows compare in their promotional approaches, their financial ratios, and relationships with their two main customers: the buyers and exhibitors?
- What new profit centers can be developed?
- How do shows re-think, re-invent, and enhance their long-term relationships with current customers (attendees and exhibitors) to become more partnership-driven versus adversarial?
- What is their current annual exhibitor turnover rate? Anything over 10% is cause for serious alarm, yet the average show in the U.S. has approximately a 30% turnover.

- Do 20% of their exhibitors control 80% of their space? If so, a special strategy for handling those “Big Guns” is required, otherwise those “Big Guns” can hold the show hostage.
- Is the space allocation system more than ten years old? If so, it may very well be causing the show harm. Yet our recently completed Benchmarking Survey of top shows in the U.S. revealed that the average national show has been using the same space allocation system for over 20 years!
- How do trade shows effectively compete with the new technology available as alternate opportunities for corporate marketing dollars?

Based on our studies of many of the largest shows in the U.S., the trade show system is in dire need of serious self-examination and re-invention. Instead of focusing on the tactical side of putting on an exposition, all organizations must begin to focus on the long-term, or face potential extinction.

Trade shows aren't going away. The question is not, will the trade show industry be around in seven years? The question is: *Will **your** show be around in seven years?*

Steve Miller, Kelly's Dad and a strategic director, works with both show management and corporations worldwide, advising them on competitive advantage and innovation. He also speaks to business groups around the world on corporate strategy. His website is www.theadventure.com.

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