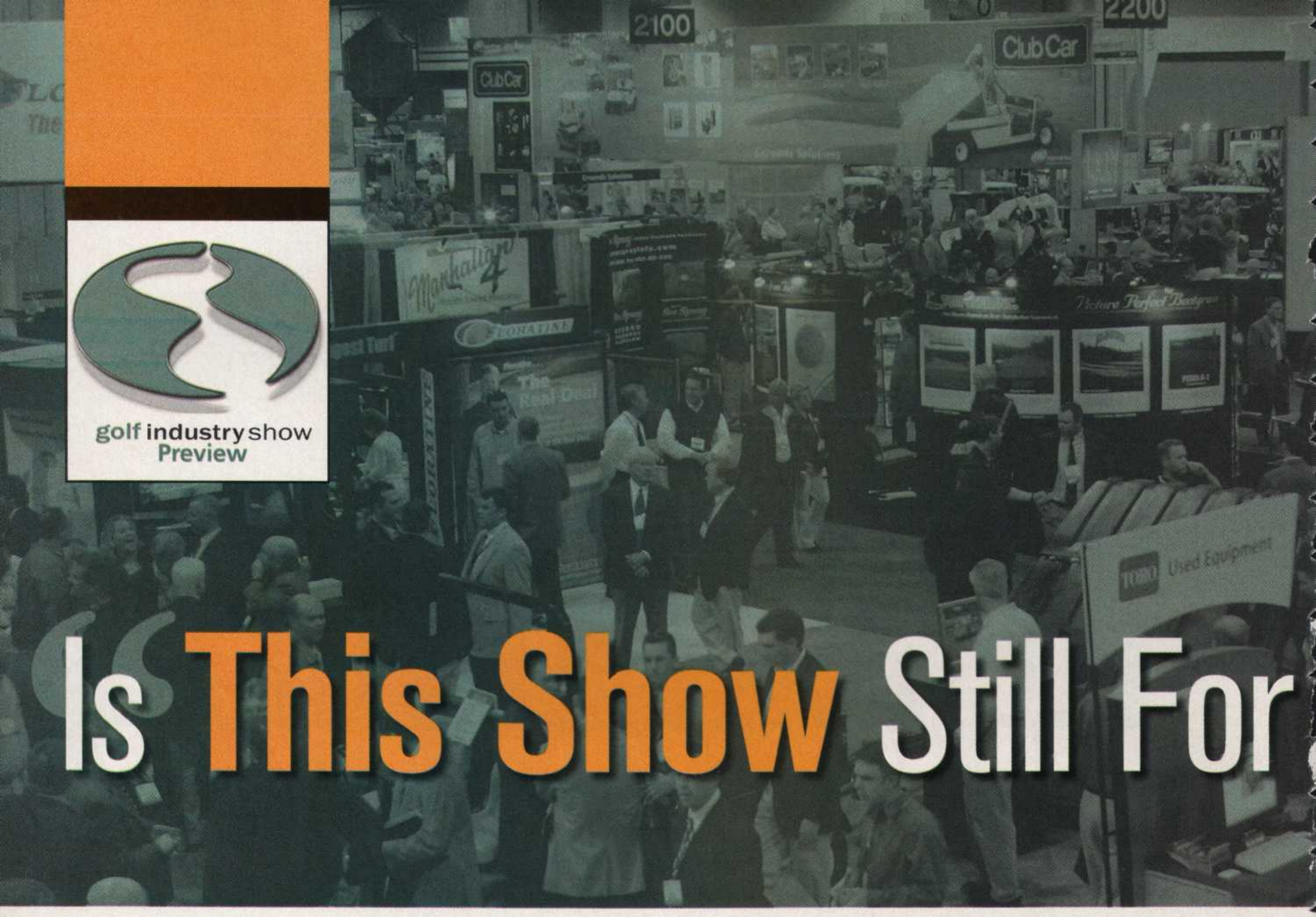

golf industry show
Preview

"Is This Show Still For

Golf course maintenance exhibitors battle the GIS dilution effect

ANALYSIS

BY DAVID FRABOTTA, SENIOR EDITOR

The industry has a soft spot for the Golf Industry Show. Vendors and attendees know it's the best place to build relationships of any venue all year. Not only is it the largest gathering of working superintendents, it also provides the most diverse turf-maintenance vendors of any show.

But there's a caveat. With the merger between the National Golf Course Owners' Association in 2005 to form the first GIS and the addition of the Club Managers Association of America last year, superintendents need to navigate a lot more exhibit space to find their target products and services compared to the solitary Golf Course Superintendents Association of America show of years past.

As it turns out, exhibitors must overcome the same phenomenon. With more non-superintendents at the show, vendors must look a little harder for their core customers.

GIS contends that the more managers the better. The show brings in about 33 percent more qualified buyers than previous GCSAA shows, according to GCSAA. That was the goal of the merger in the first place. The GCSAA show was confronted with dwindling attendance each year since its high-water mark in 1999, and qualified buyers fell in conjunction with fewer attendees. GIS appears to have successfully brought out the buyers. The 2005 show in Orlando drew 8,154 qualified buyers, according to GCSAA, and last year's show welcomed 8,833. Organizers expect a record 10,400 qualified buyers this year in Orlando.

But while the three associations also expect record attendance, a record number of exhibitors and the subsequent record revenues, some vendors that sell primarily turf products aren't sold on the quality of attendees compared to past GCSAA shows. Sure, the more managers and owners know about turf-maintenance products, the easier a

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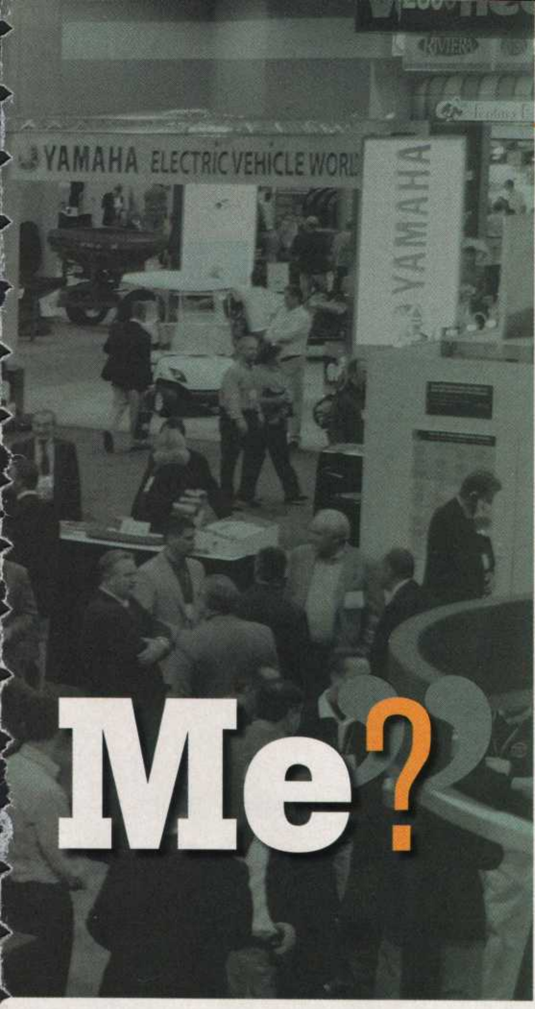

superintendent's job might be getting acquisitions approved. But when it comes down to selecting specific chemicals, equipment and course-management products, it's fairly likely that superintendents are making decisions without the rest of their management teams.

So while there are more qualified buyers, there is a weaker concentration of superintendents on the show floor, and some smaller vendors who sell exclusively golf maintenance products are opting out of this year's big top.

Some have decided not to exhibit this year because they feel drown out by the oftentimes more glamorous furniture and fixture exhibits that cater to owners and managers. Others say they can't justify the return on investment in a business environment of receding revenue.

"Bigger isn't always better," says Tom Zinninger, an independent sales representative for Prizelawn, which makes spreaders for third parties. Prizelawn exhibited at GIS and the previous GCSAA show for about 15 years, but the company didn't exhibit year.

"The superintendent show has been diluted with a bunch of people who sell lawn furniture, canopies and pots and pans, and that's not good expansion," Zinninger says. "It's diluted expansion with people who are outside of our industry, and because of that dilution we automatically get set further back on the list for booth space."

Prizelawn won't be the only company staying home this year. Markers Inc., makers of golf course signage and other specialty products, began exhibiting in the 1980s. Dave Knoepp, director of sales and marketing for Markers, says he would talk to hundreds of superintendents who were ready to make a deal back in those days. Last year, he says he spoke to fewer than 25 qualified buyers.

"Most significantly, we're not going because we feel the attendance has been diluted, and we are primarily a provider of products specified by golf course superintendents," Knoepp says.

Some larger companies have noticed the change in attendance as well. Turfco has been exhibiting at GIS and the predecessor show since 1962. While it is committed to maintaining a significant presence, it's not as easy to be seen as more vendors from other associations fight for premium exhibit space, says Turfco Vice President Scott Kinkead.

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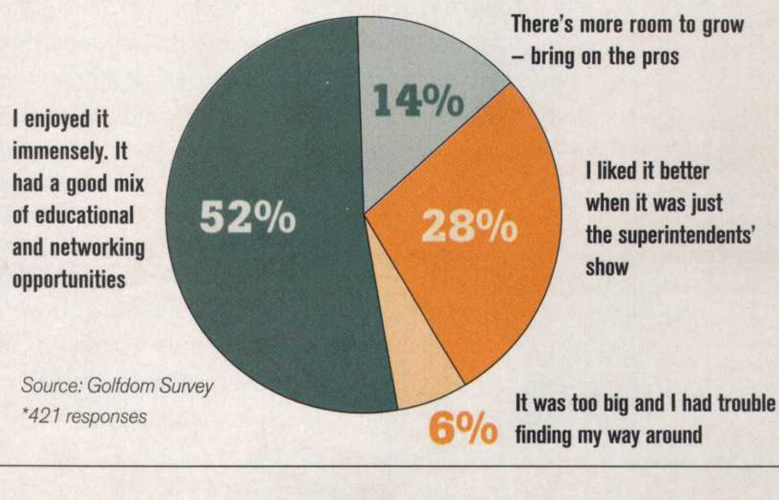
THE GOLF INDUSTRY SHOW got even bigger earlier last year with the addition of the Club Managers Association of America to the event. Now it's superintendents, owners and managers under one umbrella. If you attended, what did you think of the show last year?*



Source: Golfdom Survey
**421 responses*

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"Certainly the advent of the additional exhibitors makes it difficult to be in an impactful location," Kinkead says. "Oftentimes, people tout that there are more decision makers at GIS, but fundamentally, if a golf course is going to buy a product like a topdresser, then the superintendent is going to make that decision. If an owner or general manager is knowledgeable about it, then that can be helpful, but superintendents, by and large, are going to make that call. So we'd like to have more superintendents at the show."

Exhibitor satisfaction has dropped each year since the GCSAA's last solo show in San Diego in 2004. Self-reported sentiment surveys conducted by GCSAA reveal that exhibitors' impressions of qualified buyers, the show's importance for business and whether it was a good return on investment has fallen each year under the GIS banner. That said, three years barely makes a trend. Besides, Hurricane Katrina forced a last-minute relocation to Atlanta in 2006, and West Coast shows (last year was in Anaheim, Calif.) typically have lower turnout and exhibitor satisfaction. Overall exhibitor satisfaction last year was the lowest since before 9/11 even though attendance was up, and Anaheim set a record for qualified buyers. So location and market conditions clearly play a significant role in vendor impressions.

2008 Show Stat:

$9 million

GCSAA's expected trade show revenue

Is anyone buying?

Some younger superintendents might consider it odd to actually purchase products and equipment at a trade show, but it was the norm just 10 years ago, sources say. Then, the Internet changed the way people research goods and services. Superintendents might not make purchases online, but few show attendees are willing to make purchases at a trade show without doing some additional research in cyberspace.

"No matter how appealing we try to make our product offerings and try to incentivize purchases or lease orders at the show for future delivery, people aren't doing it." Knoepp says. "People would prefer to go onto the Internet to order products at their convenience, even to the point of ignoring price incentives."

Attendees can learn about the products and services of more than 1,000 exhibitors at this year's Golf Industry Show.

The downside to the digital marketplace for exhibitors is justifying trade-show expenses. Without a concrete return on investment or a way to ascertain whether a lead came from a trade-show conversation, Internet search or word of mouth, it's becoming increasingly difficult to justify uprooting staff and normal business routines to attend trade shows in general, especially if a company's booth is relegated to a low-traffic area.

But for the most part, buyer activity is a small part of the show. Just as important, vendors say, is the opportunity to chat with the highest concentration of superintendents of any annual event. The show also provides valuable networking and education opportunities for distributors and resellers of chemicals and equipment, for example. With the "who's who" of the industry gathered in one place, it might be those after-hours activities that help justify the trip. Plus, you might be able to shop for products online, but you can't really simulate a trade show or networking venue of this size in any virtual way.

"I'll worry that the Internet will harm trade shows when I can taste a virtual meal," says Stephen Schuldenfrei, president of the Trade Show Exhibitors Association, which helps exhibitors execute better trade shows.

Another challenge vendors experience this year and probably next year as well is the fact that golf has seen better times. Rounds are about flat, and courses are closing faster than they're opening. Commodity prices are at or near all-time highs, and businesses, for the most part, are operating under fairly tight margins.

So it might be difficult for some companies to justify a price hike of more than 18 percent this year for GIS exhibit space.

2008 Show Stat:

300,000

Expected square feet of exhibit space

After four years without an increase, exhibitor rates rose this year from about $19 per square foot to about $23, which didn't go unnoticed by some players in an industry that has been ebbing for years.

Turfco will have a slightly smaller booth this year, partly because of the

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higher costs associated with attending the show. But the primary concern, Kinkead says, is the years to come. As the company continues to expand its product offerings, it might not be able to justify the added expense of more booth space to showcase its full portfolio.

"The rates have an impact on what you are going to do at the show in terms of the size of the booth this year and the size of the booth going forward," Kinkead says. "Clearly, the golf industry is not going to be in a boom like it was in the 1990s, and now is a hard time for an increase in rates without necessarily an increase in the number of golf courses attending the show. That's a very difficult thing for us to look at. Our industry is not growing leaps and bounds, so we would certainly prefer to see incremental increases."

Architect Todd J. Clark of CE Golf Design is another exhibitor that won't be making the $8,000 trip (includes booth space and travel) this year after exhibiting for the past five years. He had a hard time justifying the expenses this year, even though he acknowledges that Orlando likely will have a better draw than a West Coast show.

But the foremost reason he won't attend isn't because of attendee dilution or expenses. He's not too keen on the show's points system, which allows exhibitors to choose the selection order for booth space according to how long they've exhibited and how much money they've spent with the associations and show partners during the course of the year.

"The problem I had last year was the way the show bases its point system," Clark says. "We were stuck off in a corner, completely away from all the other designers who have done it for years and spend more money on booth space. So they have a competitive edge, and we get lost."

More turf maintenance companies echoed a similar sentiment last year as exhibitors with more priority points from the builders, owners and managers jockeyed for premium booth space. It appeared some turf companies with fewer priority points were pushed down the totem pole.

"One thing I'm a little concerned about, not so much for us but what I hear from smaller distributors, is that it's gotten so large that some of the smaller distributors feel like they're stuck out on the back 40," says Mike Bandy, marketing manager of turf products for Andersons Golf Products. "They really need to make sure that some traffic gets out to some of those other areas."

No turf maintenance companies were bumped off the main isle last year due to exhibits from club managers, says GCSAA Communications Director Jeff Bollig. That perception might have perpetuated because GIS administrators sprinkled CMAA exhibitors throughout the tradeshow floor to give them better visibility in their first GIS.

2008 Show Stat:

1050

Expected number of exhibitors

And although it might be unpopular among some smaller vendors, using a priority points system is fairly common in the trade-show business, Schuldenfrei says.

Of course, the points system gets tricky when multiple associations merge shows, and there isn't a volume precedent to copy. There are several examples of associations that have merged their respective shows like GIS, but it's not an industry trend, Schuldenfrei says.

"I can understand the desire to merge shows because it broadens reach. If the show is able to broaden all sectors, then it works well," he says. "But if the core constituency sees it as noncompatible, then it doesn't work well, and each individual show is essentially the same but now has a new set of issues."

Those issues could be attendee dilution, exhibitor dilution, higher costs due

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to the larger venues and large-scale growth that potentially could render the show too difficult to navigate.

Outgrowing the Pains

Most new business ventures face learning curves. And all trade shows battle retention because some shows might not be suited to a particular company. So overall, GIS is huge, successful show, judging by its incremental growth and feedback from vendors and attendees.

More than half of respondents of a recent Golfdom survey say they enjoyed the show immensely, versus 28 percent who say they liked it better when it was superintendents only.

The success largely has been due to GCSAA, which continues to analyze processes to deliver better value to attendees and vendors. It doesn't really have a choice. The association lives and dies by its show, which brought in more than half of its $19.2 million revenue in 2007 ($8.7 million from the trade show and $1.2 million from the education conference).

2008 Show Stat:

25,000

Expected number of attendees

And GCSAA will implement more innovations at the show this year. Bollig says GIS will offer better segmentation than last year, using different carpet colors, for example, to help differentiate niche exhibitors. Attendee badges will have clear notations of GCSAA, CMAA or NGCOA as well, so exhibitors know with whom they might be talking.

"We've made the solution centers to keep people on the trade show floor, we've moved speakers onto the trade show floor, and we've created different configurations and harder segmentations," Bollig says. "The club managers exhibits will all be on one end, and other goods that are purchased by certain groups (will be clearly marked and grouped)."

GIS also offers incentives for new vendors so they can capture premium booth space. GIS reserves a few 10-feet by 10-feet booths on the main isle for new exhibitors as part of its New Product Showcase. It's an incentive to grow the show and offer newcomers a premium position to peddle their wares.

And the changes appear to be working. Despite a handful of growing pains, vendors, by and large, are satisfied with the changing demographic and show diversity.

"For our business, I think the merger was a good move," says Norm Poppe, general manager for the Applewood Seed Co. in Arvada, Colo. "We're in the wildflower seed business, so we're trying to sell the beautification of the golf course, which is something that management oftentimes can relate to more than the performance parts of the golf course. So we were pleased to talk with them because we feel that those people are looking at our product in a different way than superintendents."

Applewood, a 25-year veteran of the GIS and the GCSAA show, formally attended more than 20 shows, but GIS is the only one that continues to generate enough foot traffic and qualified buyers to justify the expense. It helps that the company's longevity secures it a good opportunity to choose a premium booth location.

You won't have any trouble finding the usual turf suspects, either. Large chemical and equipment manufacturers have secured their places on the main isle through longevity and investments into various industry foundations.

But do a favor for the GCSAA, GIS and some of the smaller vendors: When two roads emerge from the main isle, try taking the one less traveled. And even though your feet ache, your stomach growls, your head hurts and your eyelids droop, fight on to that hidden vendor who just might be selling what you're looking for. ■