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GBC: Can you elaborate on the decisions made in 2011 with respect to reduced support on some of the merchandise shows across the country?

KK: This started a few years ago when the membership and the Board asked a few of us to get together and look at ways that we could continue to support the shows, but make them more economically viable. We explored the pipe and drape format for certain shows that had been suffering from reduced attendance. The pipe and drape format was going with an agreement by all of the members to stick to 10 by 10 spaces either by the brands they represented or the number of manufacturer representatives they had for each of those zones. In the end, we came up with a display format that everybody would use.

We also eliminated head office personnel attending the shows and did everything we could to reduce our expenses while still participating in the show. However, the shows in Ontario and Quebec continued to decline in attendance even with the pipe and drape format. The membership really questioned how valuable the shows were and that was illustrated by the pros not attending the shows. They were expressing that

Keith Keindel is the Executive Director of the Canadian Golf Industry Association (CGIA) and has over 20 years of experience in the retail business. Golf Business Canada Magazine sat down with Keith for a 2-part interview to get his input on some of the successes, challenges and trends in the Canadian golf industry. Part 2 of the interview focuses on the current and future state of the PGA Merchandise Shows. Part 1 of In Conversation with Keith Keindel is located in the Winter 2011 edition of Golf Business Canada Magazine or online at www.ngcoa.ca.

... with *Keith Keindel* Part 2

EXECUTIVE DIRECTOR OF THE CANADIAN GOLF INDUSTRY ASSOCIATION

they didn't feel they needed the shows. We had discussions with them and we made offers to them to try and get their members out. We basically tried to arrive at a guarantee that they would get a minimum number of members to attend the show.

We were successful in negotiating something in British Columbia and they exceeded the number of facilities that we hoped would come to the shows. An important part of this process is managing expectations. When we held the clothing, apparel and footwear show in August for the first time, the expectation from the manufacturers' side was that we would be writing more orders at the show. That clashed with the pros' perspective because of the type of year they had and their willingness to write orders that early. So, we achieved the attendance but we didn't get the type of activity that we thought we would.

GBC: Are there reasonable adjustments to timing, attendance, or any of the logistics that could rejuvenate those shows, particularly in Ontario and Quebec?

KK: There's going to have to be more discussions because the solution has to work for both parties: the pros and the manufacturers. There has been an evolution in manufacturing as the vast majority of it has moved offshore to places like China. This directly affects the ordering process, because it must be completed much earlier in the year.

For example, the timing is largely impacted by the Chinese New Year because most people want their shipping to happen, or at least a significant portion of it, before then. In addition, the acquisition of fabrics and raw materials is getting pushed back earlier and earlier. In many cases the manufacturers are having to make commitments in July for goods that they don't have orders for. The pressure on the other side is that the cost of carrying inventory and dealing with inventory is continuing to rise. The manufacturers are looking more and more to ordering goods that they already have a home for.

In previous years orders for those goods were taken as you moved into October, or early November. So, we have found it difficult for facilities to send people who would spend two days at a show. Many of them come for one day, which gives you eight hours to work with them. At one hour per appointment they can basically see eight manufacturers while they were there. Essentially, the times continue to change and the pressures continue to increase.

GBC: Are you seeing the same kind of problems with trade shows in other related industries, and if so, are there any solutions or creative alternatives to either improve the trade show or have a different version of the trade show?

KK: I think it is a very similar dilemma in other industries. It is not solely in sporting goods, as trade shows have ceased to exist in a lot of businesses. It's not the best way to do business from a cost perspective. If you look at the Orlando PGA Merchandise Show as an example, it's really a media event and a kick off for the season. In many cases, it is more of a marketing event to consumers than it is directed at the customer and that's the expectation of the people who are attending.

They are not looking to write significant amounts of orders at that event. It's more about coming together and confirming things. Yes, there are some introductions but it's also a worldwide show so in many cases they are working at that show with the manufacturers on things 18 months out when they are being developed for delivery.

So, when they are meeting in January 2012 they are actually looking at introductions for 2013. It's also a meeting of the world so distributors and subsidiary companies and their customers from all over the world go to Orlando. It's a very different perspective than what those shows could be here or even in Europe.

GBC: How do you respond to the critics who say it's actually the manufacturers themselves that have caused the demise of these shows through all the advance sales by the reps before the shows?

KK: Part of this is the issue that the manufacturers are continually being pushed to get their orders in to either their American head office to consolidate orders or getting their orders in to the Chinese manufacturers that they are dealing with directly. In the case of apparel, you are looking at the purchase of grey goods in many cases before they are coloured which is obviously very early. They are making commitments in May and June for fabric and on the hard goods side, they are making commitments much earlier than they were in the past and that is one piece of the equation.

The other piece of the equation is that they're doing everything they can to cut down on the amount of discontinued inventory or overstock inventory because they weren't able to sell it or they didn't have a home for it to begin with. Generally speaking what most of the manufacturers are doing is trying to go out and pick the larger facilities who are ordering larger quantities and from that,

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golf industry

- Retailer with the Hudson's Bay Company
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- NAGA Board Member

make decisions on the "winners" in their line and then placing orders in July and August based on those winners. They then extrapolate those out as smaller facilities come in and try to make orders against the orders that the manufacturers have already placed with their suppliers. It's a bit of a domino effect. I can understand the critics' comment but the entire process is much more complicated than it used to be and the timing has simply been pushed earlier.

GBC: With all the issues related to the shows and the manufacturers' logistical issues, is it feasible to replace the traditional regional shows with one or two much bigger 'super shows' inside of Canada?

KK: There have been discussions about this idea. We started back in the mid-nineties having a discussion about trying to develop two regional shows: one East and one West, but we weren't able to come to an agreement with the PGA zones. Some of the stumbling blocks were revenue sharing; some of it was travel related; getting the pros to travel much greater distances to the shows. So there was a combination of things that stopped us from doing it. There was some pretty good efforts put in trying to reach an agreement for one show but it just didn't seem feasible.

The other thing that's impacted it as well is that a lot of the manufacturers have showrooms in the major cities

across the country and they are spending more one on one time with their key dealers and it's interesting because part of what's happened on course is that instead of carrying a wide variety of brands, there's been decisions to significantly limit the amount of brands that they're showing. There's so much technical knowledge that is required with the product that's being shown, even on the clothing side, so the pros have opted to work with a limited number of manufacturers. In doing that, they are spending more time working together on plans and that's created a different environment as well. That evolution, which I think is a healthy evolution, has changed the environment.

There used to be 'viewing days', where before the shows, the pros would walk the entire floor and decide who they were going to meet with and what they were going to look at. There's a lot less of a need for that now because they have basically created a marriage with a very limited number of suppliers by comparison to the way it used to be, but it's a much more in depth agreement to the one they previously had. I wouldn't say there could never be one or two 'super shows' in Canada but I can see where there would be a lot of difficulty trying to get everyone together.

Golf Business Canada Magazine would like to thank Keith for his valuable insight into the PGA Merchandise Shows. Photo of Keith Keindel: provided by GMIC.

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