

A friend contacted me earlier this month with news that Minnesota's Bicycle, Travel, & Fitness Expo—a consumer event in a Top 10 cycling market that last year had more than 11,000 paid attendees and over 4,000 actual consumer test rides—has closed for lack of support. How, my friend wanted to know, could the industry be so dumb as to ignore this kind of sale potential? After all, he pointed out, a modest on-in-ten close rate after the test ride with an average retail sale of \$750 would have meant \$300,000 in gross sales for participating retailers and an incremental 400 units for suppliers. Is business so good we can walk away from that kind of opportunity?

Cars, motorcycles, boats, skis and countless other industries have made a booming business out of consumer expos. So why not bikes?

Why not indeed. Perhaps my experience from the supplier side of the business might prove useful in considering consumer trade shows.

The logic behind them is simple and seems reasonable: get a bunch of interested consumers (= customers) together in one place and retailers will be anxious to sell them stuff; get a bunch of happy retailers together, and the suppliers will want to be there to support the retailers.

Unfortunately, that logic is flawed, and until the flaws are addressed, consumer shows will continue to go out of business.

Even more unfortunately, the flaw is not with consumers, or trade shows, or even their innate sales potential. It's with the way the entire cycling industry industry does its marketing. And the solution involves moving to a model that's common in motor and water sports to create **brand-specific retailer groups** (analogous to like "your Chicago Area Toyota Dealers") **funded by co-op from the bike brands** (which are currently spent on dealer-specific efforts like local race teams or discount sales events) **for purposes of mutual, brand-specific promotion in target demographics** (like the Twin Cities). More about that in a minute.

Some detail on the problem:

As a supplier, I wanted to go to consumer shows to talk with consumers about my company's products: I understood the upside, but after ten years of trying I was never able to find a cost-effective model to do so.

I got zero support from local retailers for consumer events. It was so bad my sales reps refused to go. At a corporate level, this means the costs of attending—and, more importantly, the manpower and travel/materiel costs—couldn't be shared with Sales. So it meant one more weekend with my staff and myself working more or less one-on-one with individual consumers and zero commercial link back to our retailers. Which meant I had to decide whether having 2-3 members of my staff standing in a muddy parking lot someplace talking to a couple hundred consumers was a better use of their time than having them in the office Monday morning doing what I paid them to. (The other alternative—asking them to spend yet another weekend of uncompensated time (they already spent an average of one a month) out in the field-- was a similar trade-off.) In the short run, I reluctantly concluded that my people's time was more profitably spent on press tours, international races, etc etc etc.

At Specialized, with a couple-million-dollar Marketing budget, we eventually hired a separate Consumer Events staff of young, entry-level (= cheap but enthusiastic) workers and share their cost with retailers, but even then Sales didn't want to send them to consumer events (because there was nothing in it for them). At a smaller company, there was no such option.

So the key to making consumer shows cost-effective is support from retailers, and the only way to do that is to create a viable sales event around them. (There's another way practiced by the VeloSwap guys in Colorado and elsewhere, which is to make the whole event a consumer peer-to-peer sales event and leave out the retailers entirely, but that just doesn't work in many cases and doesn't do anything to pull more product or profit dollars through the sales channel anyway)

But retailers aren't interested in the sales potential of a consumer event where the enormous majority of customers aren't local enough to be regulars. As an experiment, I worked with a local retailer who was interested in the same question at

the 2005 Sea Otter Classic, which is the largest bike festival in the world, total attendance over 5 days something like 30,000. The retail told me afterwards he'd representation of his entire store to the event and told his staff to treat it as a sales opportunity. Actual sales were about a quarter of what he would have done if he' stayed home (perhaps less, since Sea Otter generates a lot of drop-in traffic from attendees who go to bike shops, not the event itself, to buy spare parts or whatever.

Back to the main point:

So consumer events have to be seen as Dealer Association events (see and test-ride *all* the new 2008 Trek models, in all colors sizes and equipment options, courtesy of your Twin Cities Trek Dealers). That's a draw for consumers and a net gain in sales opportunities for Trek and for Trek dealers.

But there aren't any such associations. So one of the supplier-side initiatives should be to earmark a portion of Supplier's marketing funds (currently spent mostly on print media and race team sponsorship) to bootstrap the creation and funding of retailer groups. This would turn consumer events into massive test-ride events which would stimulate far both brand awareness and actual sales much more cost0effectively than present allocations do.

But currently it's a Catch-22 situation: there are no dealer groups to give the suppliers a viable infrastructure to work with, and there are no dealer associations because there's no supplier-side financial support.