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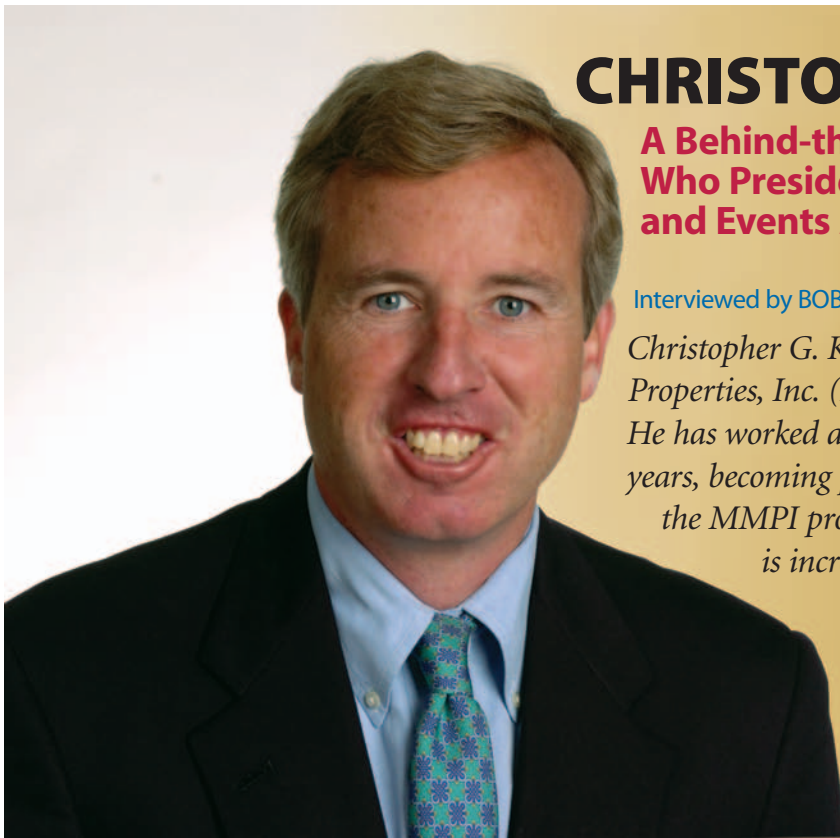
PARTING SHOTS

Giuliani Chooses an Exposition to Announce His Presidential Bid



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ISSUE



CHRISTOPHER G. KENNEDY

**A Behind-the-Scenes Leader
Who Presides Over 300+ Trade Shows
and Events Annually**

Interviewed by BOB DALLMEYER, *Trade Show Executive* columnist

Christopher G. Kennedy is president of Merchandise Mart Properties, Inc. (MMPI), a division of Vornado Realty Trust. He has worked at The Merchandise Mart in Chicago for 20 years, becoming president in 2000. He now manages all of the MMPI properties and events in North America. Chris is incredibly active as a civic leader, volunteering his time and talents with not-for-profit groups, academic, and cultural institutions in Chicago and around the country. He also volunteers in the tourism, trade show and events industry.



Learning Never Stops. The vignette of antique games captured the attention of Chris Kennedy as he discovered the history of the pieces on display at the Merchandise Mart *International Antiques Fair* in 2006.

BOB: Looking over the MMPI portfolio, I think you have the biggest events program in America.

CHRIS: You are probably correct, and we are growing. Each of our properties in Chicago, New York City, Boston, Los Angeles, Washington, DC and High Point, NC has a very full calendar of trade shows, market events, conferences, and consumer shows. In total, MMPI produces more than 300 trade shows and events a year in the U.S. Annually, we also organize 30+ shows and conferences in Canada and some in Mexico.

BOB: When did The Merchandise Mart in Chicago begin organizing trade shows?

CHRIS: The Mart was built by Marshall Field and Company more than 75 years ago and has a phenomenal history. However, it wasn't until my grandfather, Joseph P. Kennedy, bought the Mart in

1945 that it organized its first trade shows. They were called *Market Weeks* and became the largest trade shows in the United States featuring furniture, housewares, appliances, electronics, sporting goods and hardware. The shows flourished until the early 1960s.

BOB: Then what happened?

CHRIS: Associations were organized around each product specialty and many set up headquarters in The Mart. However, *Market Weeks* weren't designed to accommodate the smaller companies, which eventually took control of these associations, and they launched competing shows in the new McCormick Place and elsewhere. These grew in size and importance, ultimately becoming some of the largest shows in our country (*International Consumer Electronics Show*, *National Hardware Show*, etc.). The Mart management team at that time didn't understand the profitability of trade shows and turned the Mart into a day-to-day showroom business, anchored around the Design Center.

BOB: What happened to turn that attitude around?

CHRIS: During my first year at The Merchandise Mart (1987), the carpet industry show left the facility—ultimately creating two of the largest shows in the nation: *Coverings* and *Surfaces*. This shaped my thinking about 'who we are and our core values.' It was apparent to me that we were indeed in the trade show business, and while we did not have pipe and drape, we had permanent showrooms to offer.

BOB: What is currently The Mart's philosophy about trade shows?

CHRIS: Today, our team is trade show driven. We developed a concept called 'Market Suites' that allows smaller, under-capitalized but innovative firms to participate in our shows alongside the major manufacturers. This concept



A Zip Code of its Own. Merchandise Mart overlooks the Chicago River and occupies 4.2 million square feet. Built by Marshall Field more than 75 years ago, The Mart was purchased by Ambassador Joseph Kennedy in 1945.

led to The Mart's resurgence, with record-breaking revenues that facilitated our expansion around the United States. We now have the infrastructure and competitive advantage to buy new shows, events and facilities.

BOB: Do you have a special team to produce trade shows?

CHRIS: We have a matrix organizational structure, where the sales and marketing people are grouped by industry, so they can be close to their exhibitors and attendees. On the other side of the matrix, we have all our operations and shared support services, such as advertising, public relations, list management, registration, meeting planning, trade show operations, labor relations, from which teams are formed to support each trade show and event.

BOB: Do trade shows generate more profit than permanent showrooms?

CHRIS: Trade show profit is a function of scale and fixed costs. Smaller shows are not as profitable as larger ones, due to these fixed costs. Some showrooms are as large as 50,000 square feet so they can help create a large-scale show which is more profitable.

BOB: What other innovations have you implemented?

CHRIS: We developed an integrated facility approach, combining both permanent showroom space and trade show space. We were the first to do that in Los Angeles, High Point and Chicago. By this, attendees get to see much more in one visit, and manufacturers can stair-step their involvement into a showroom space, which is more efficient for them. Or vice versa, they can scale down without dropping out of the market entirely. For us, this helped spread fixed costs over a much larger market base.

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POWER LUNCH

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BOB: Is there a pattern of converting from trade show to permanent show-room space?

CHRIS: Yes, 85 percent of our show-room tenants started out as temporary trade show participants and then upgraded. Trade shows are our great incubator.

BOB: What are your occupancy rates?

CHRIS: Typically, we are running at full capacity, 95+ percent, but there are ups and downs. For example, the Los Angeles Mart went through a recent renaissance, with new tenants, upgraded infrastructure and a new look. We are now an integral part of the downtown L.A. revitalization.

BOB: Is global expansion on your agenda?

CHRIS: We are the largest show producer in Canada, having just acquired York



Giving Back. MMPI often provides resources and employee volunteers to great causes and non-profit organizations in the communities and industries it serves. Here, Chris Kennedy speaks to a crowd of women gathered at The Mart for the annual Sister to Sister healthy heart event in February 2007.

Communications/MediaEdge Communications West. We also co-own franchising events in Mexico. We haven't been particularly aggressive

about Europe or Asia. We crab-walk from market to market, drawing strength from our strong relationships with exhibitors and attendees. It's important to have a competitive advantage, and without owning a facility in Europe or Asia, or having a good global infrastructure, that is difficult.

BOB: Do you have or are you considering strategic partners?

CHRIS: No, we don't need them at present. We have tremendous scale, with \$2 billion in assets, our large organizational structure, easy access to capital, plus we own many of our facilities that have a large, stable staff.

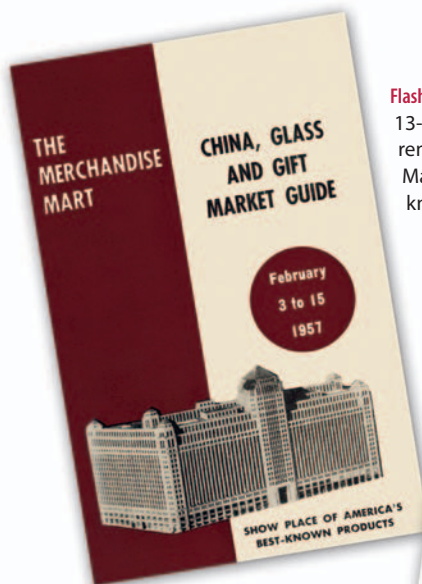
BOB: I understand that MMPI's civic involvement is exemplary.

CHRIS: We have a strong culture of involvement with our cities and communities where we operate. Three of our executives, including me, have chaired the Chicago Convention & Tourism Bureau. All of our executives serve on far too many other boards to mention. In terms of charitable activities, we support a series of groups for whom we can provide services from our unique infrastructure. For example, we are very good at advertising, list management, special event production—and we do these functions for charities needing this kind of help. This month, our Chicago operations staff will rebuild a house as part of *Rebuilding Together*. We figure out how each person's talents can be best applied in service and then we facilitate that. We simply want employees to give to the best of their ability—that's expected of every employee in every city we operate.

BOB: What about your specific trade show industry involvement?

CHRIS: This is a niche business, and we have to train people as we go. We participate in IAEE (International

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Flashback 50 Years. The Market Guide for the Feb. 13-15, 1957, *China, Glass and Gift Market* reminded attendees that The Merchandise Mart was the "show place of America's best-known products."



Flashback 64 Years. Merchandise Mart has long been a market maker as it pioneered many of the world's first and largest trade shows. From Jan. 4-16, 1943, the *International Home Furnishing Market* was dubbed a "must for every buyer." An ad for the event emphasized the value of the Market to, "meet essential wartime civilian needs."