

WILL MAGIC SURVIVE?

By Ron Friedman, partner at Marcum LLP



Hello again! The unofficial end to summer has come with the Labor Day weekend now behind us — a great time to get together with family and friends for weekend barbecues and discussions about the future of the country. We talk about who will make it to the World Series and whether we can really get a Dodger vs. Yankee series or is it just a great dream? We also have the beginning of college football, and next week is the start of the NFL season. All teams start off with great expectations, only to find out that just a few make the great run to the championship. Now politics is something best left out of these family barbecues because the only thing everyone can agree on is that we all disagree on the issues.

But I do want to lend my opinion on the Magic Trade Show. Every August and February, Marcum is well represented at the show. We have an opportunity to meet some of our clients who attend, and we also have a

great networking opportunity to meet with other professionals serving the industry. One common discussion is: will Magic be around and relevant in the next five years? This August, the show was combined into one location at the Las Vegas Convention Center. Those of you following Magic know the show had been spread between the Las Vegas Convention Center and Mandalay Bay Convention Center. Was the single venue a success? I don't think so. Magic needs to reinvent itself from a stale, same-old show, into something that is exciting and different, and with a lot more energy. As I have said in the past, when walking the show, everything looks the same.

One may ask, why the Las Vegas Convention Center over the Mandalay Bay Convention Center? The reason may be more space. But at what cost? Having the two venues has many advantages, including more options for having meetings as well as taking advantage of downtime. Next February while the Las Vegas Convention Center is being renovated (long overdue), the Magic Show will move back to the Mandalay Bay Convention Center for the last time before going back to the Las Vegas Convention Center once the renovation is completed. We can only hope they make substantial changes to improve the ability to have meetings and take a break from all the showroom booths.

But the more essential question is about the show's relevance. Why are fewer of our clients attending? One reason is the shows are costly, from booth cost to all the related travel cost. The second major reason is our clients don't need to attend in order to write business; they are finding other methods of

securing orders. Clients now have the ability to communicate with buyers via the internet, and more of our clients are seeing their customers at other times of the year and do not need to see them in Las Vegas. Pre-internet, the once-a-year opportunity for face time was mission critical; this is no longer the case. It is my opinion, there are too many vendors at these shows, and I do not believe many of them write enough business to justify the cost of being there. Time will tell if the show can survive; we will just have to wait and see.

Tariffs

My last article discussed the increase in tariffs on Chinese imports. This morning I was watching one of the business channels when the CEO of Hush Puppies was asked about increasing their sales prices to customers. He stated that today, only 30% of their production is coming from China, and they do not feel the need to increase their cost to the consumer. I am sure the Hush Puppies CEO is ahead of the curve when it comes to moving production around the world and diversifying risk. As the tariff increases continue with no deal in site between China and the U.S., we will need to see more companies following in the footsteps of Hush Puppies.

Until next time remember what I always say: if you're not having fun, then do something else!

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