

THE CREATIVE DESTRUCTION OF LOCATION

14 July 2011

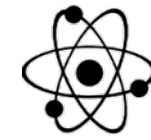
Randy White, CEO



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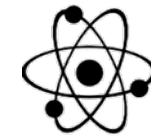




Share food
Socialize
Entertainment

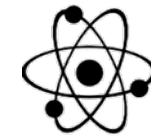
First out-of-home entertainment

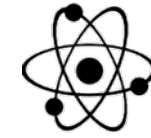




Permanent location-based entertainment







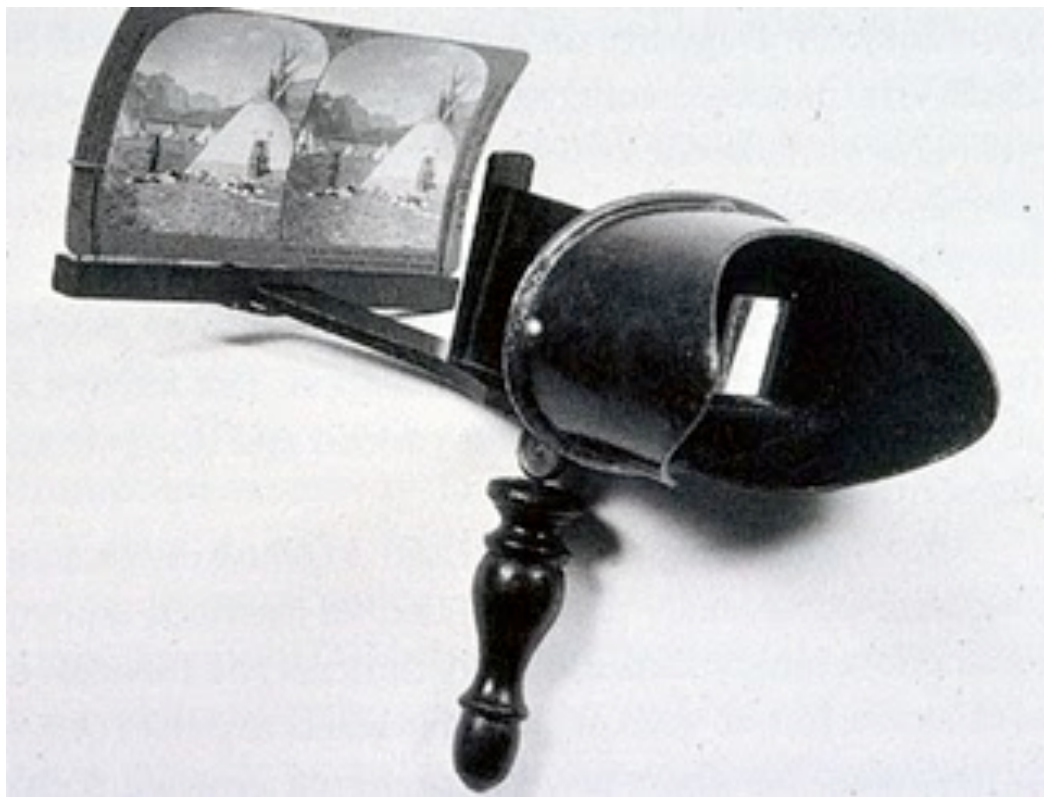
c. 3500 BC



At-Home



First mass production of out-of-home entertainment for in the home



c. 1850



1877

1st creative destruction of venue-based entertainment



c. 1877

Creative destruction of location. No longer needed to be in same location to socialize

First electronic out-of-home entertainment



1894



1896

Electronic transmission to at-home entertainment



1920



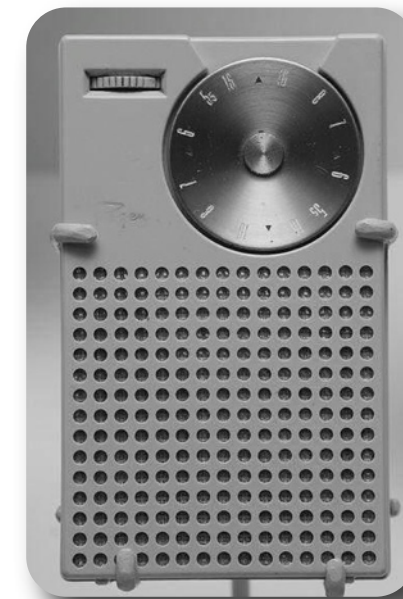
1941

1st live entertainment destruction of venue-based entertainment

First mobile electronic entertainment



1945



1954

1st creative destruction of both venue-based and at-home entertainment

1971

BIRTH OF DIGITAL AGE





1974



1995



2001



2007



2010



Move creative destruction of location



1978 - BULLETIN BOARDS

2002 - FRIENDSTER

1994 - GEOCITIES

2003 - MYSPACE

1995 - THEGLOBE.COM

2004 - FACEBOOK

1997 - AOL INSTANT MESSENGER

Rank			Monthly Average Users
1		CityVille	87,602,883
2		Empires & Allies	45,237,532
3		FarmVille	38,363,990
4		Texas HoldEm Poker	35,529,361
5		FrontierVille	13,840,079
6		Café World by Zynga	11,769,220
7		RewardVille	10,492,493



PS3
PlayStation 3



Wii





ENTERTAINMENT IS NO LONGER
LOCATION DEPENDENT



It's a Zero Sum Game

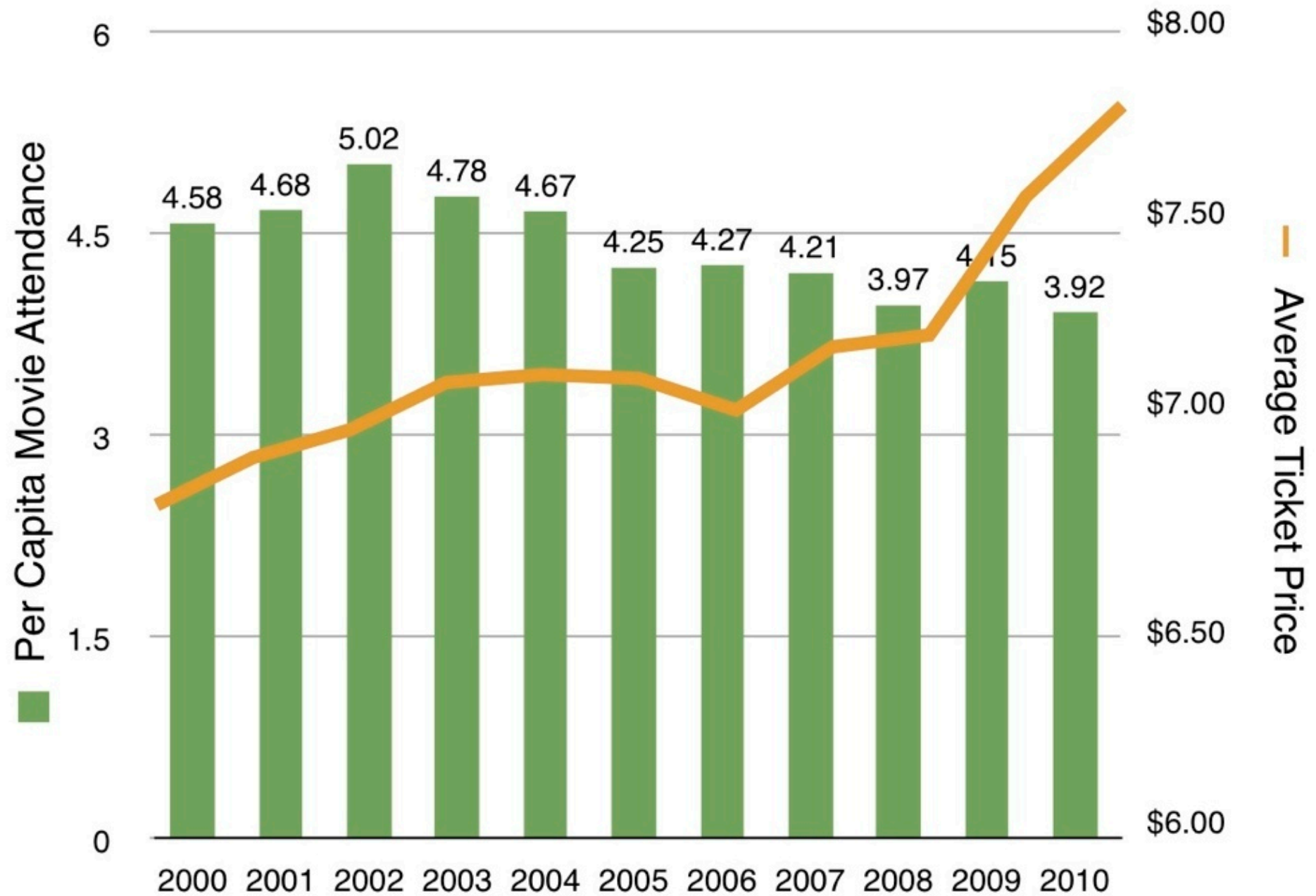


5 Hours Average Leisure Time per Day

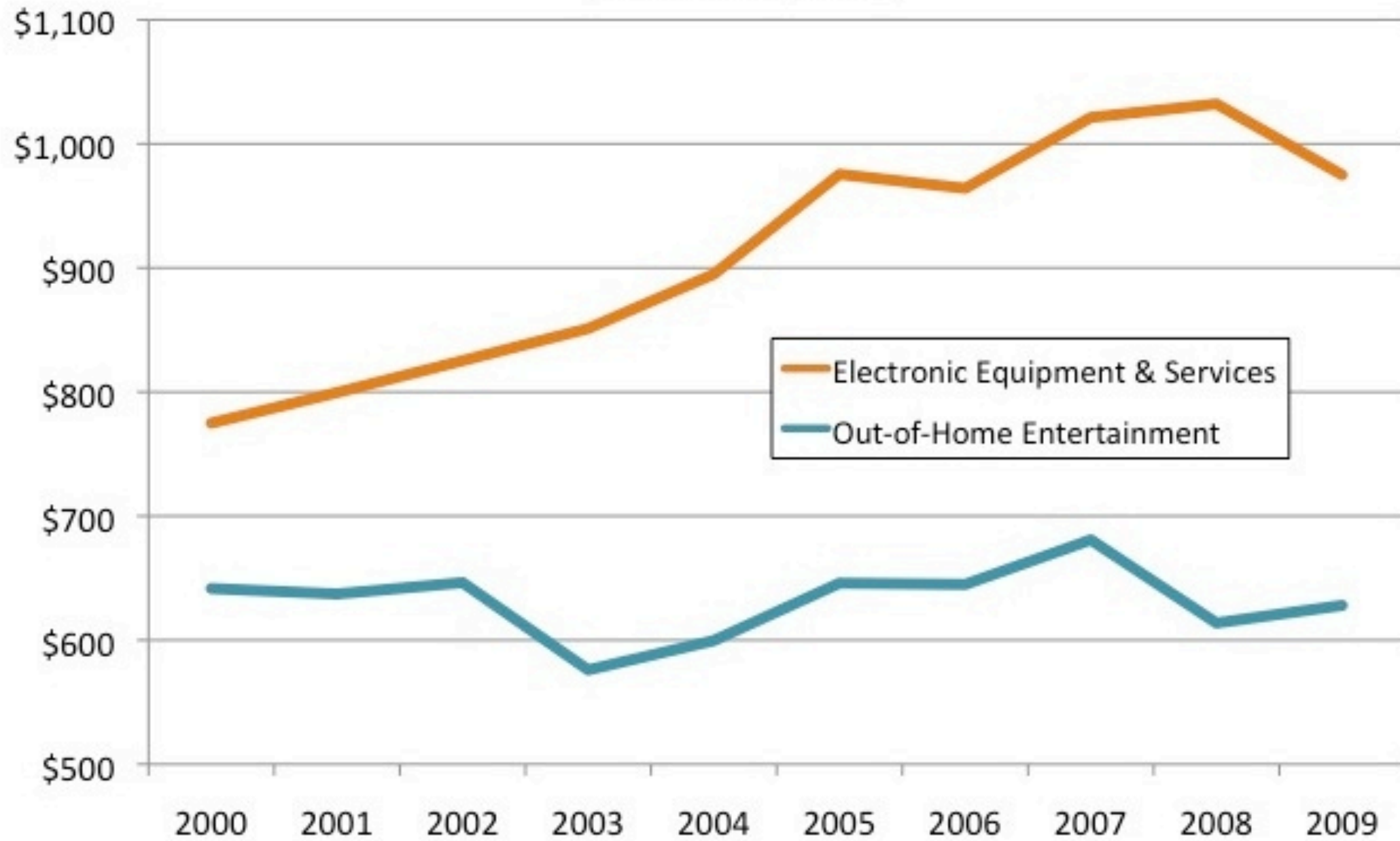
Leisure Time on Average Day (age 15+)

	Minutes 2010	Change 2003 - 2010
Socializing & Communicating	38	-17%
Reading	20	-9%
Other Leisure Activities	17	-39%
Relaxing & Thinking	15	-25%
Playing Games; Using Computer for Leisure	23	28%
Watching Television	169	9%
Sports, Exercise & Recreation	19	6%

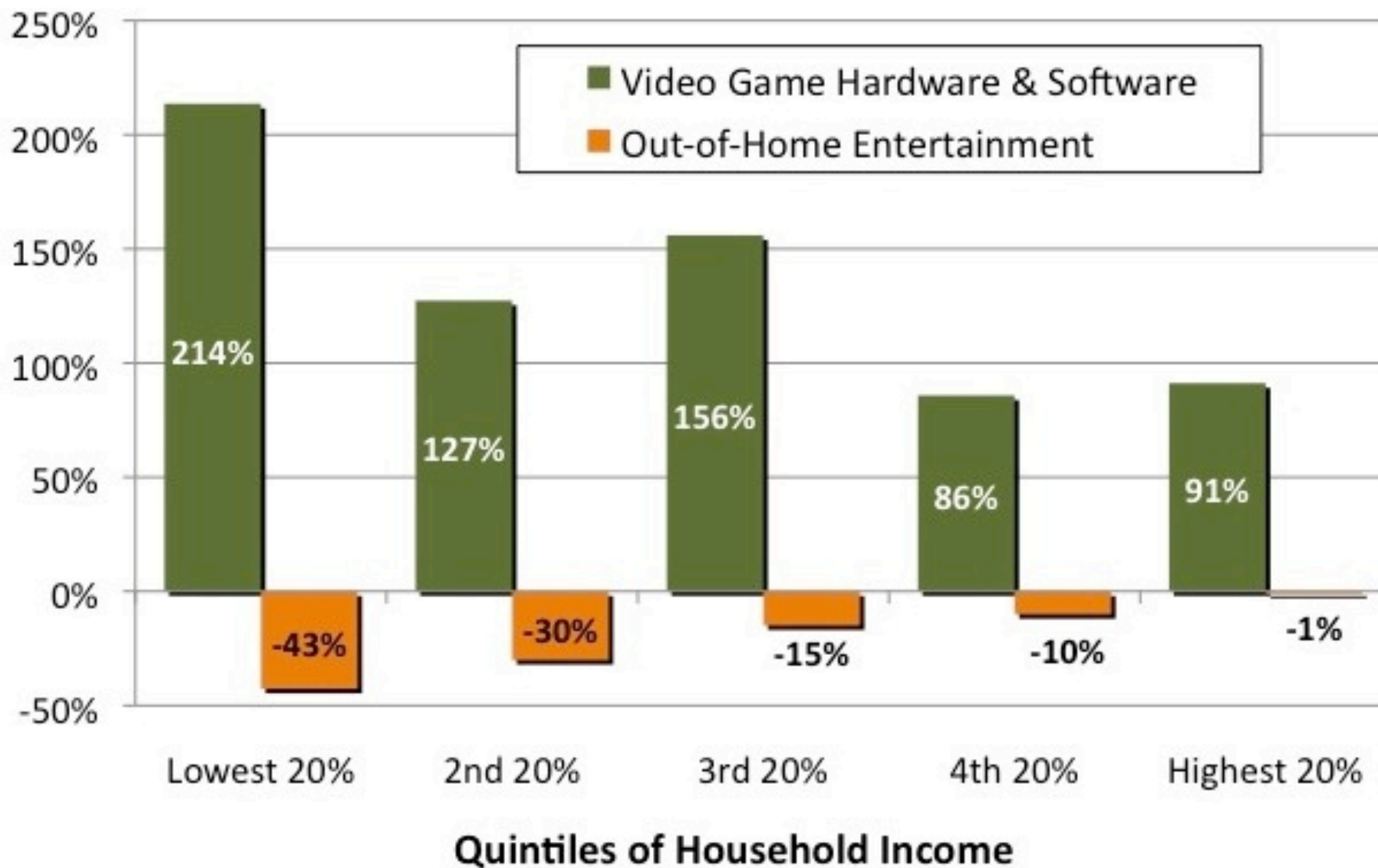
North America Cinema Attendance & Inflation Adjusted Ticket Prices (in 2010 \$)



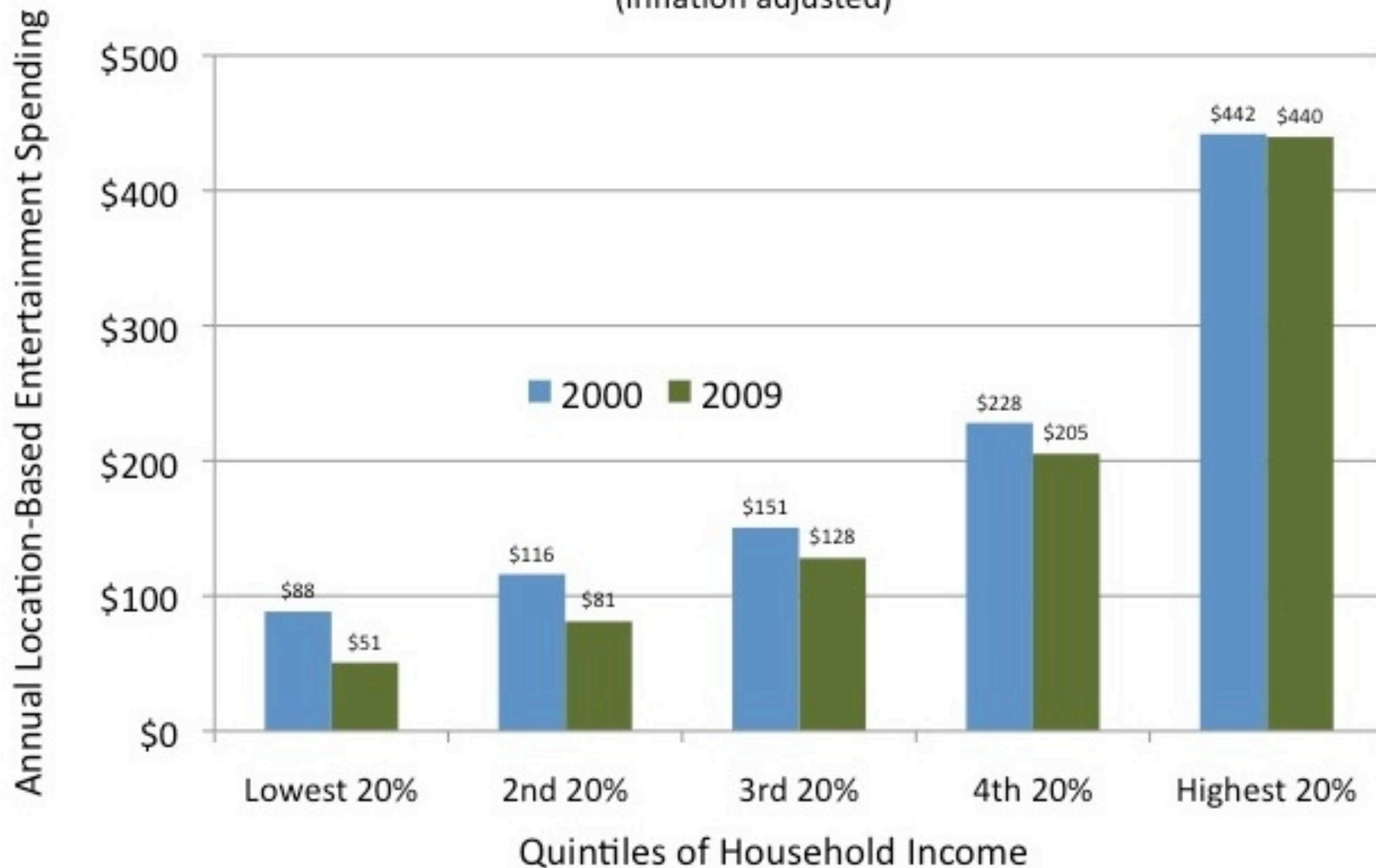
Average Annual Household Expenditures (inflation adjusted)



2000-2009 Change in Inflation-Adjusted Household Spending

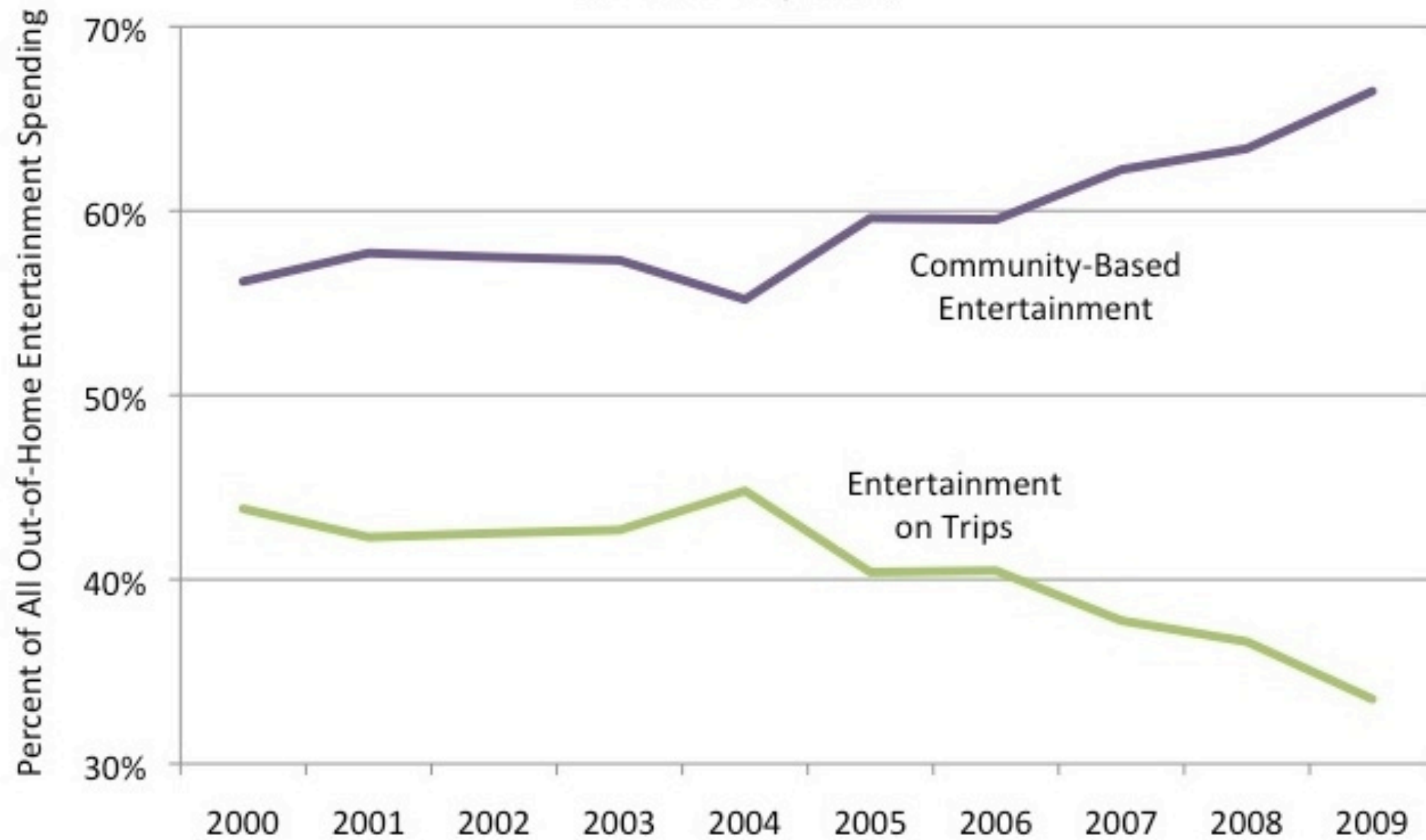


2000 vs 2009 Household Out-of-Home Entertainment Spending (inflation adjusted)

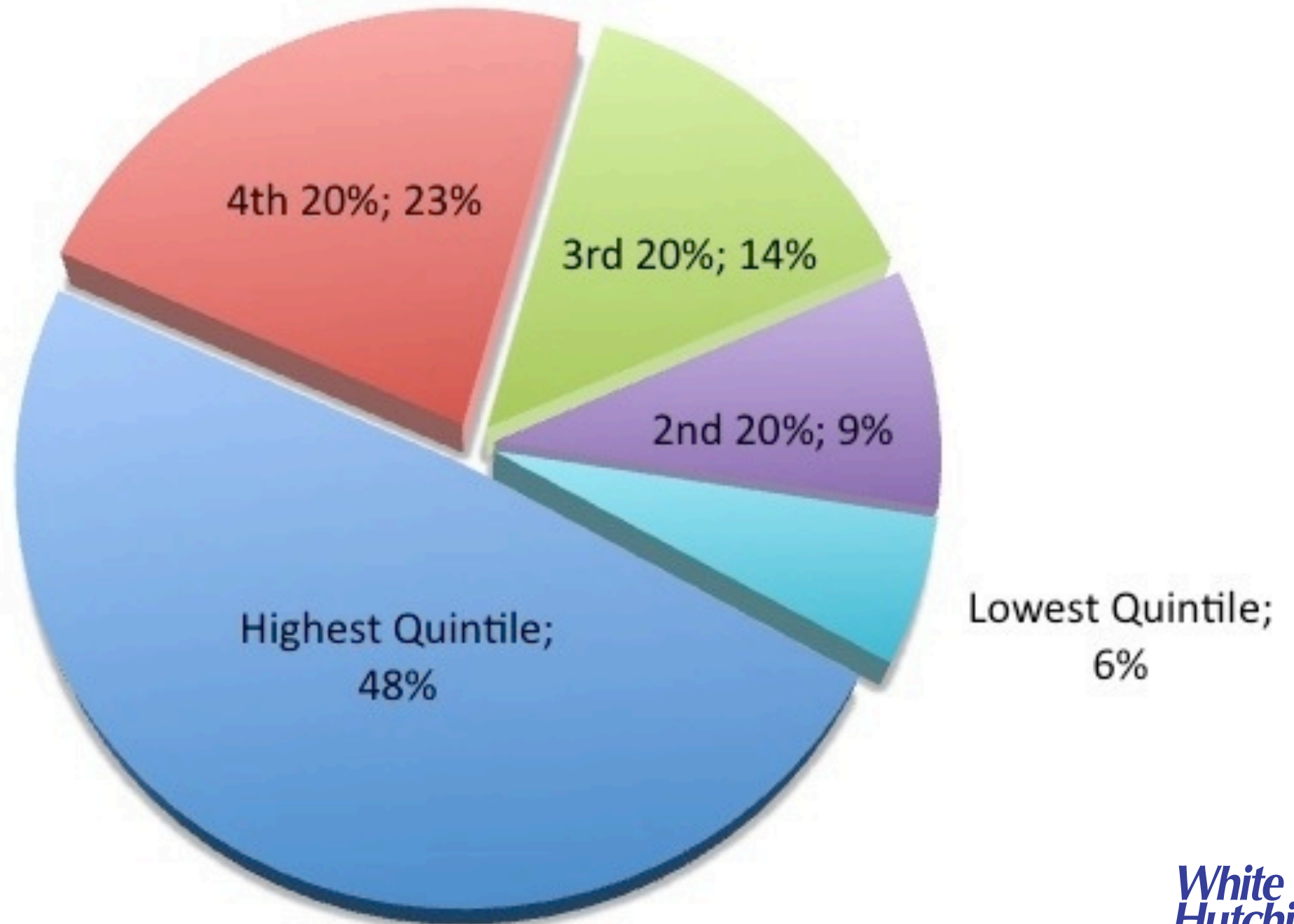


Household Out-of-Home Entertainment Spending

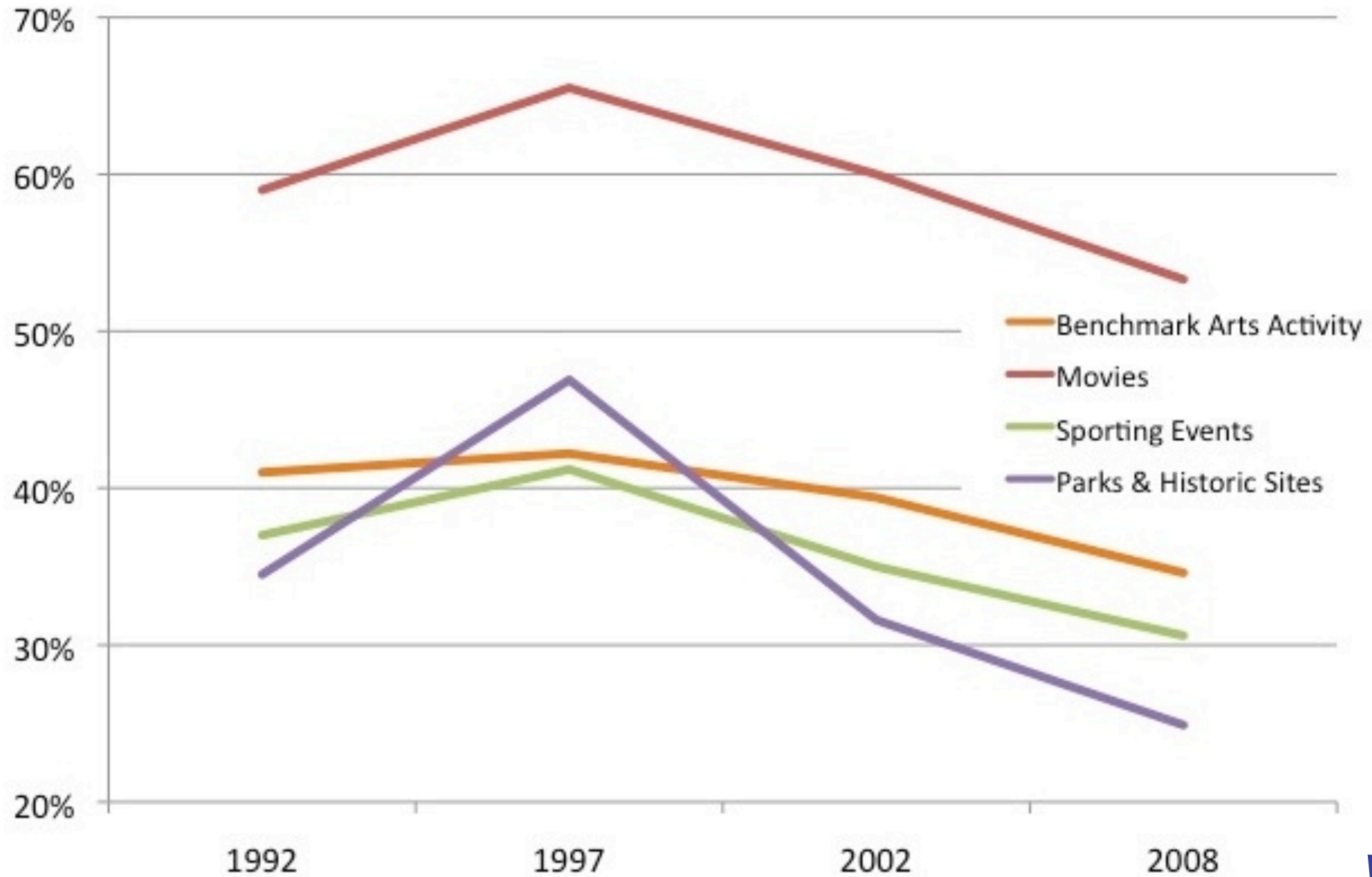
(inflation adjusted)



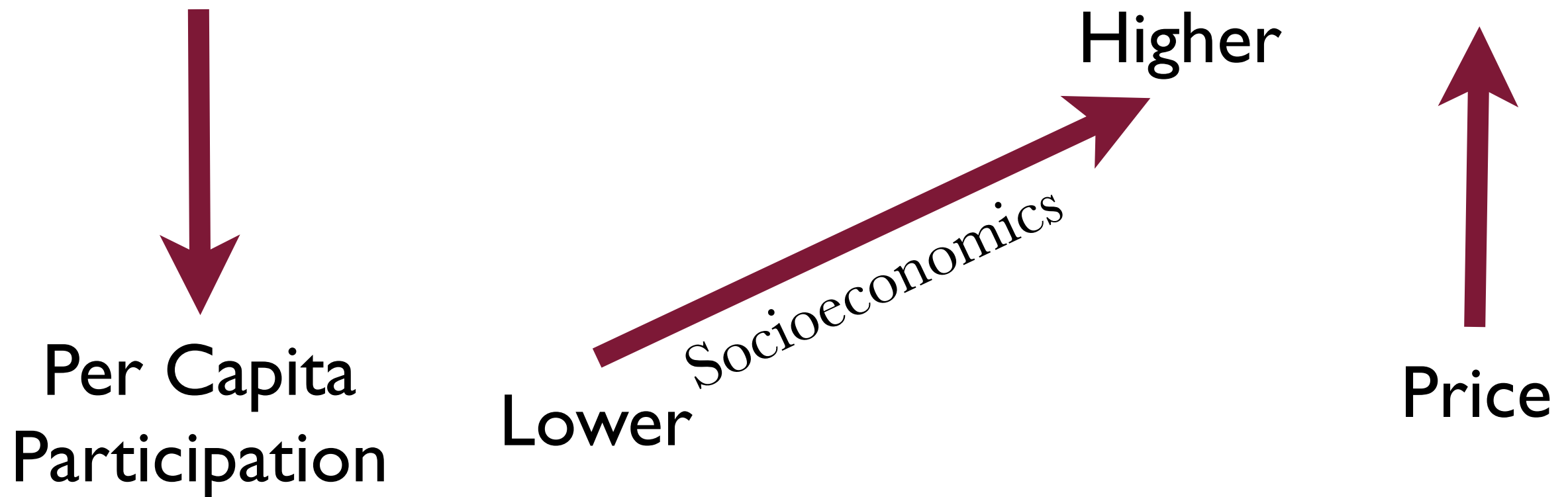
2009 Share of Out-of-Home and Community-Based Entertainment Spending by Quintiles of Household Income

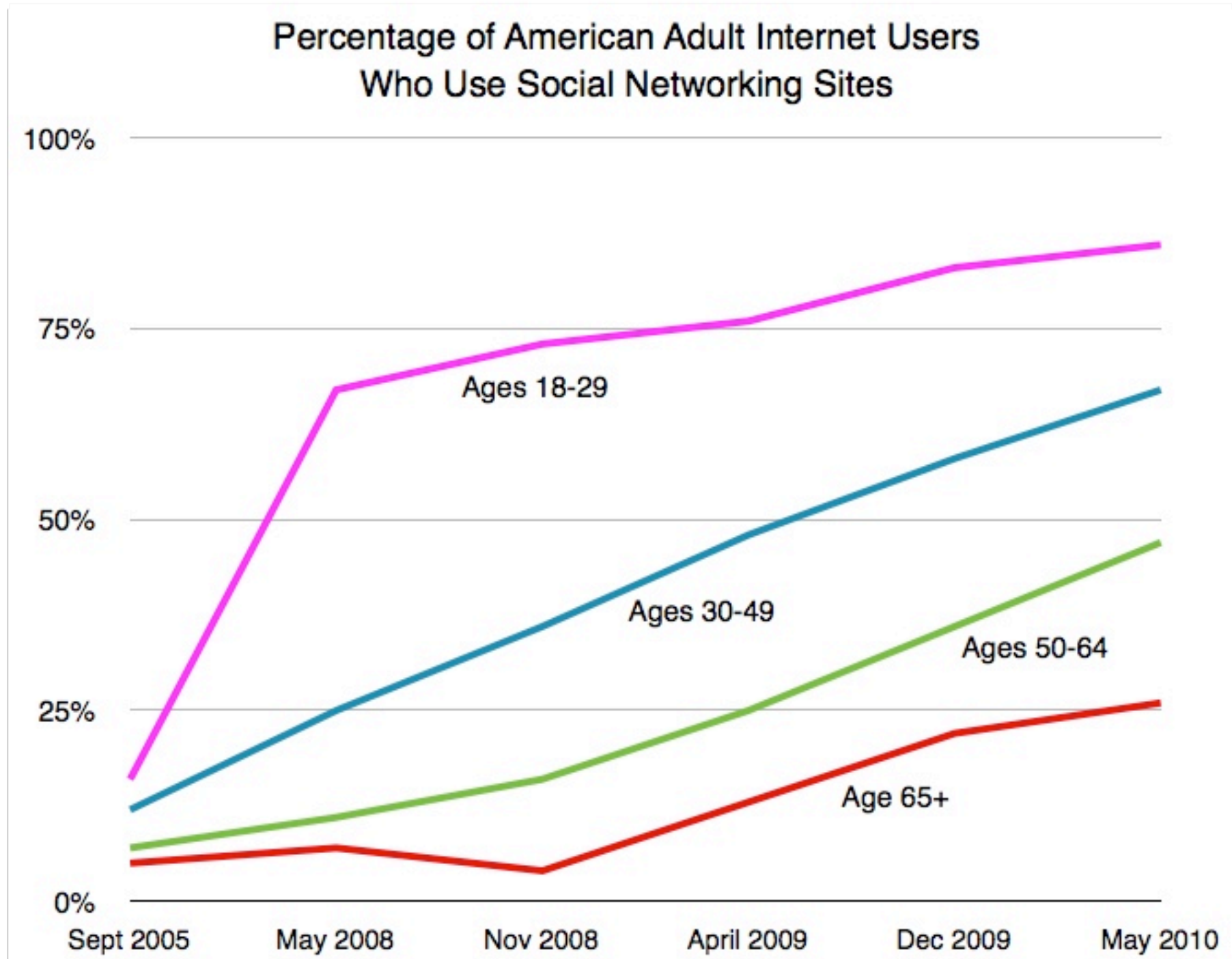


Percent of Adults Attending at Least Once In Past Year



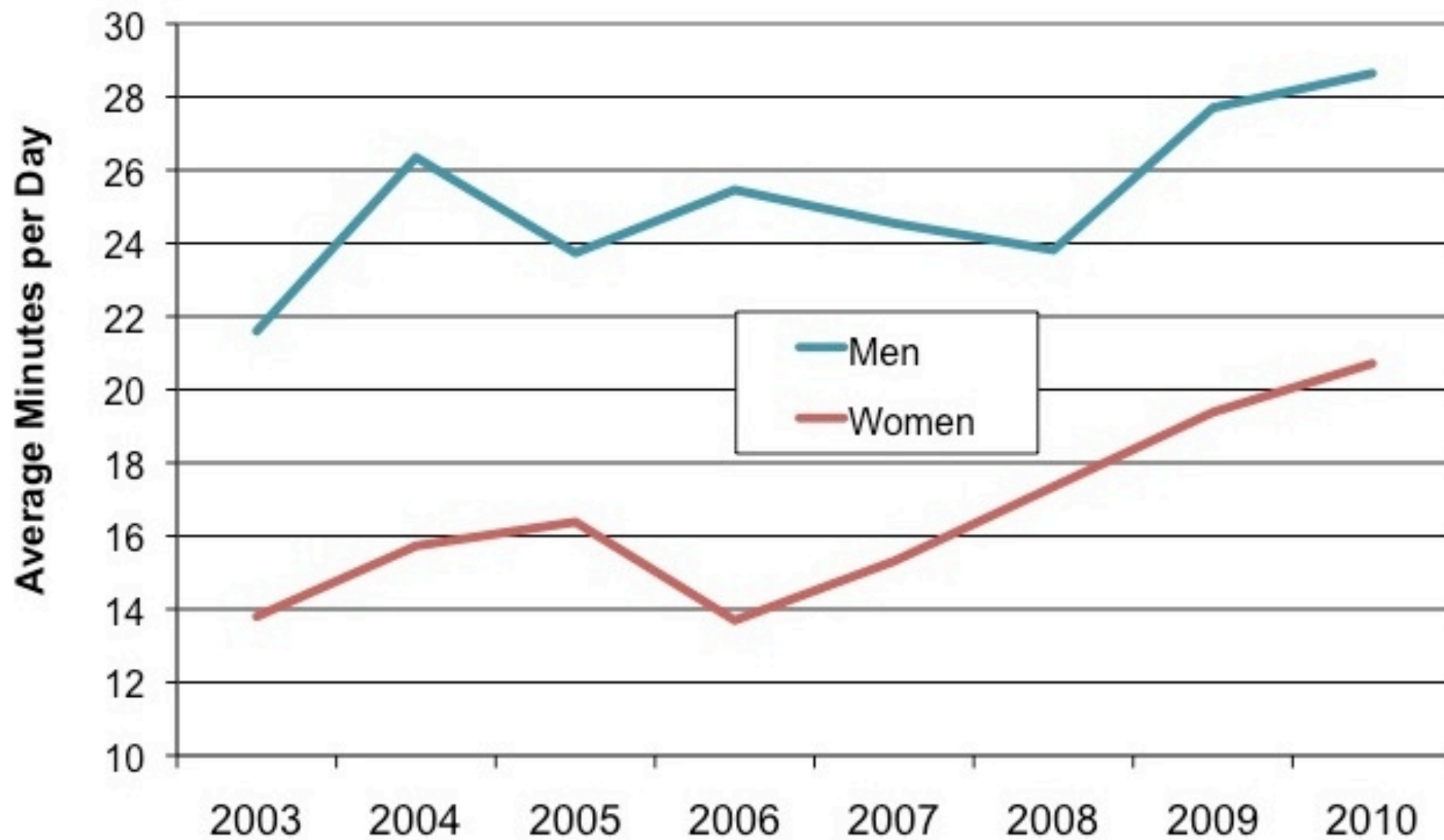
Social Stratification of Location-Based Entertainment



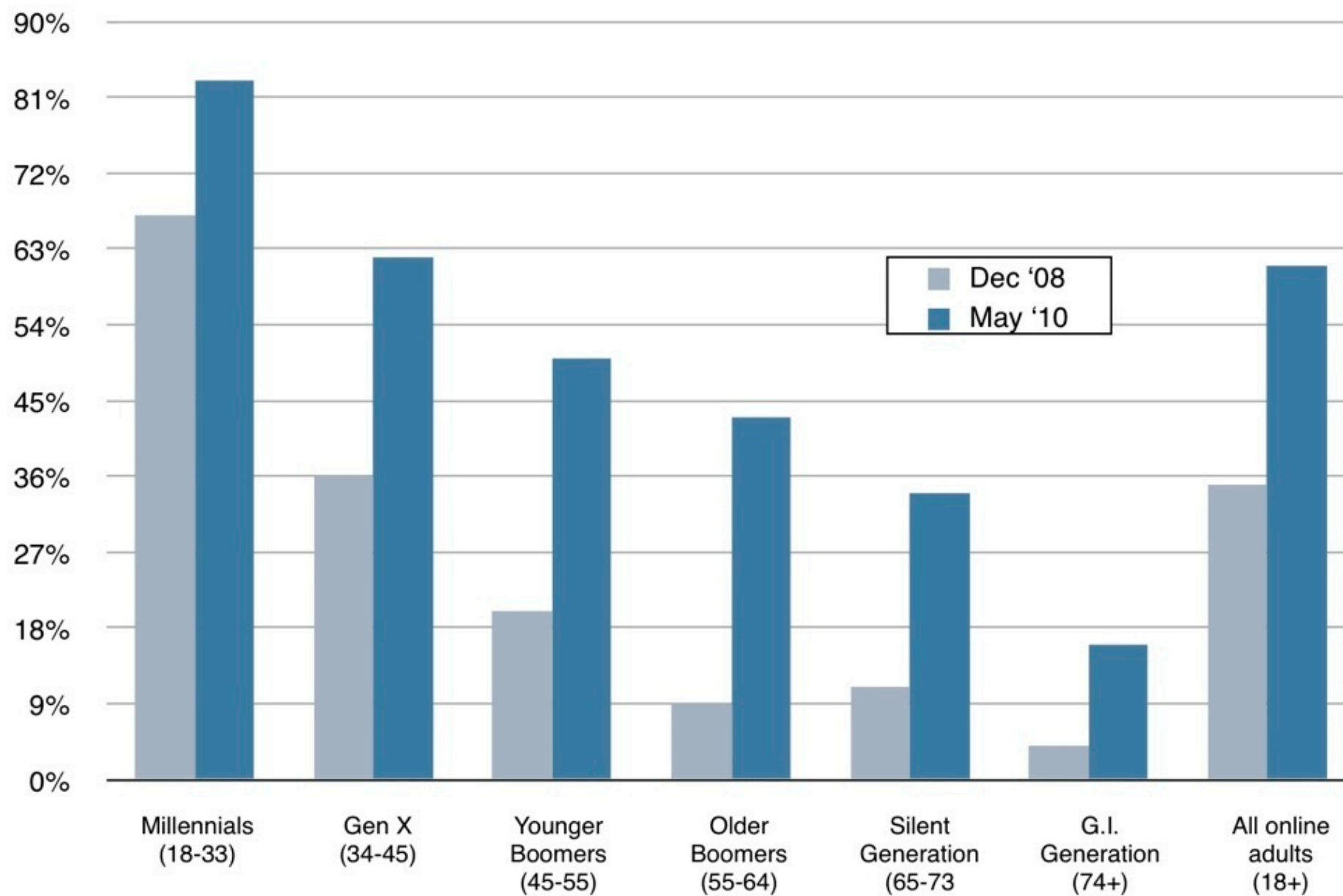


Source: Pew Internet & American Life Project

Average Daily Time Playing Video & Computer Games (Americans 15-Years+)

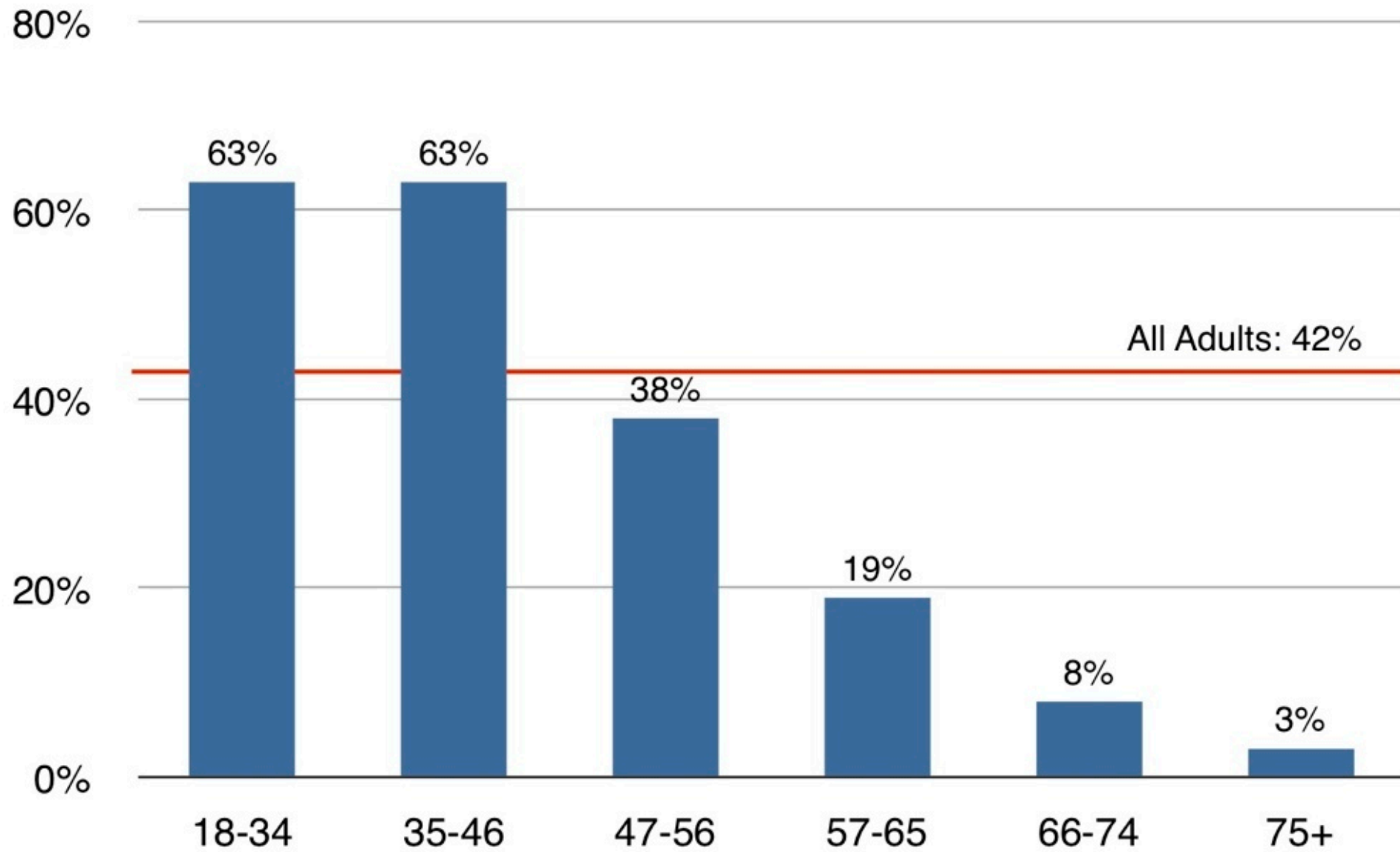


Changes in Social Network Site Use, 2008-2010, by Generation



Source: Pew Research Center's Internet & American Life Project, April 29-May 30, 2010 Tracking Survey

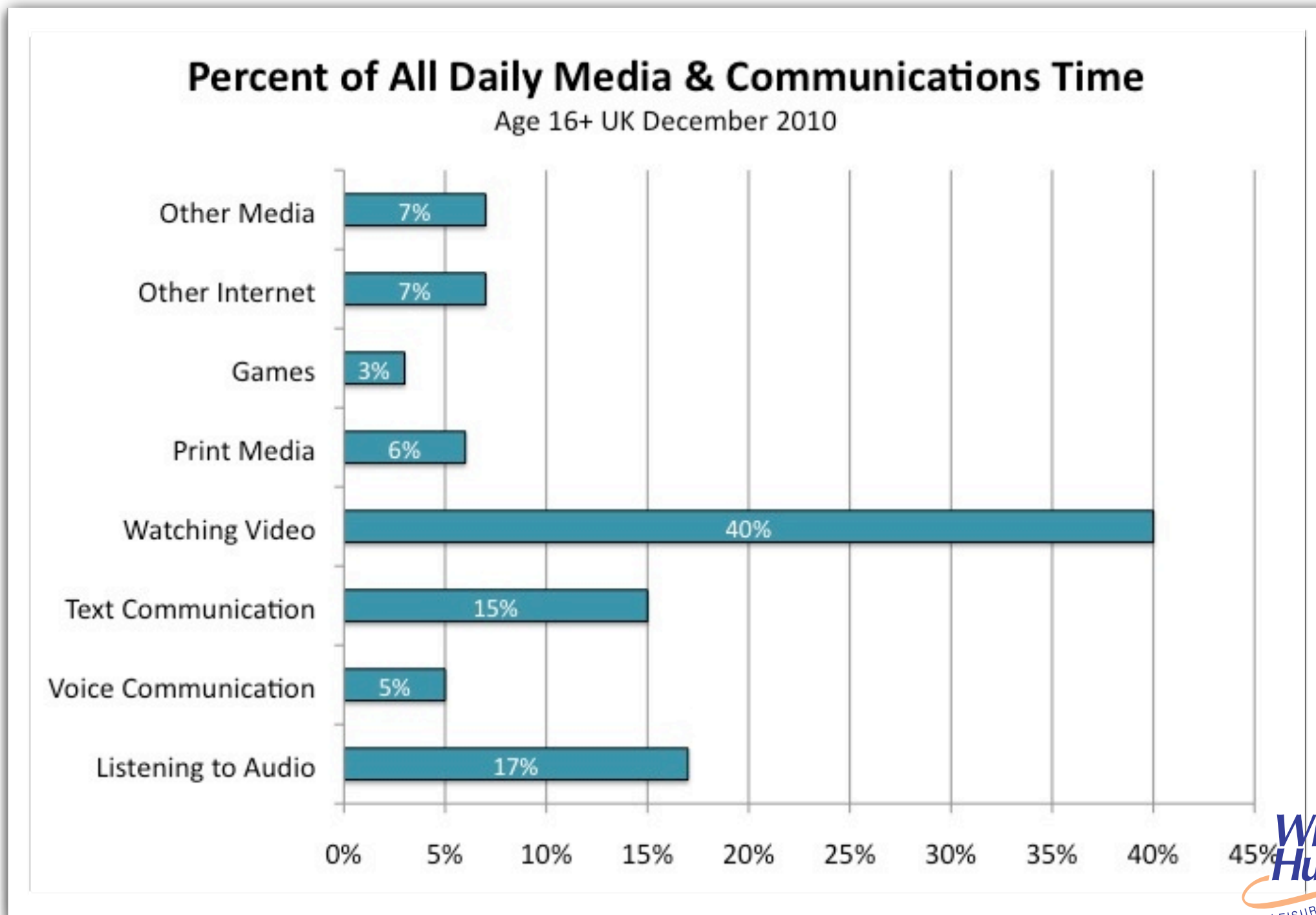
2010 Adult Game Console Ownership by Age



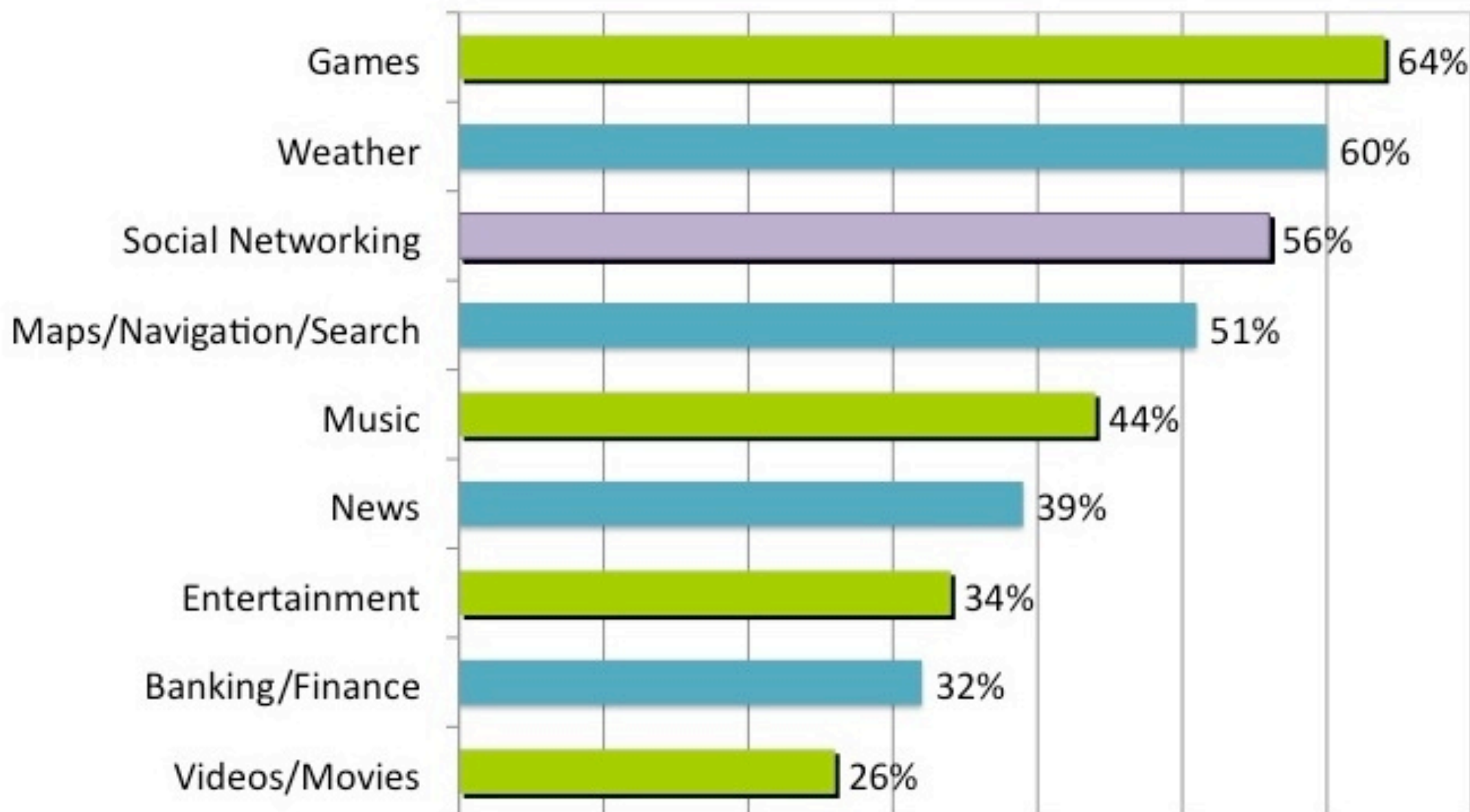
Source; Pew Research Center's Internet & American Life Project, April 29-30, 2010 Tracking Survey

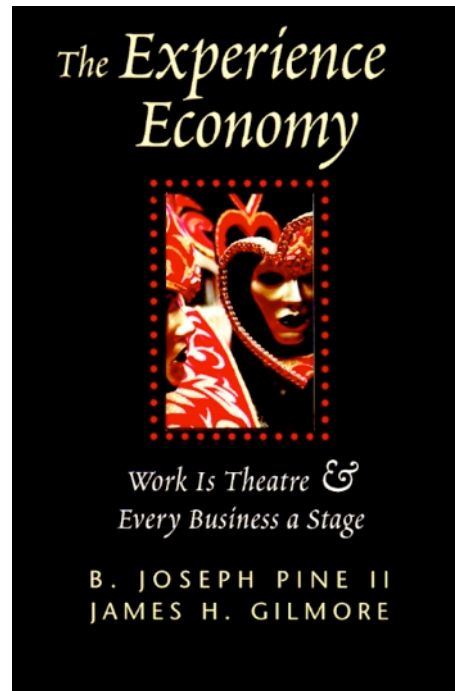
Time Awake: 945 minutes

Media & Communications: 425 minutes

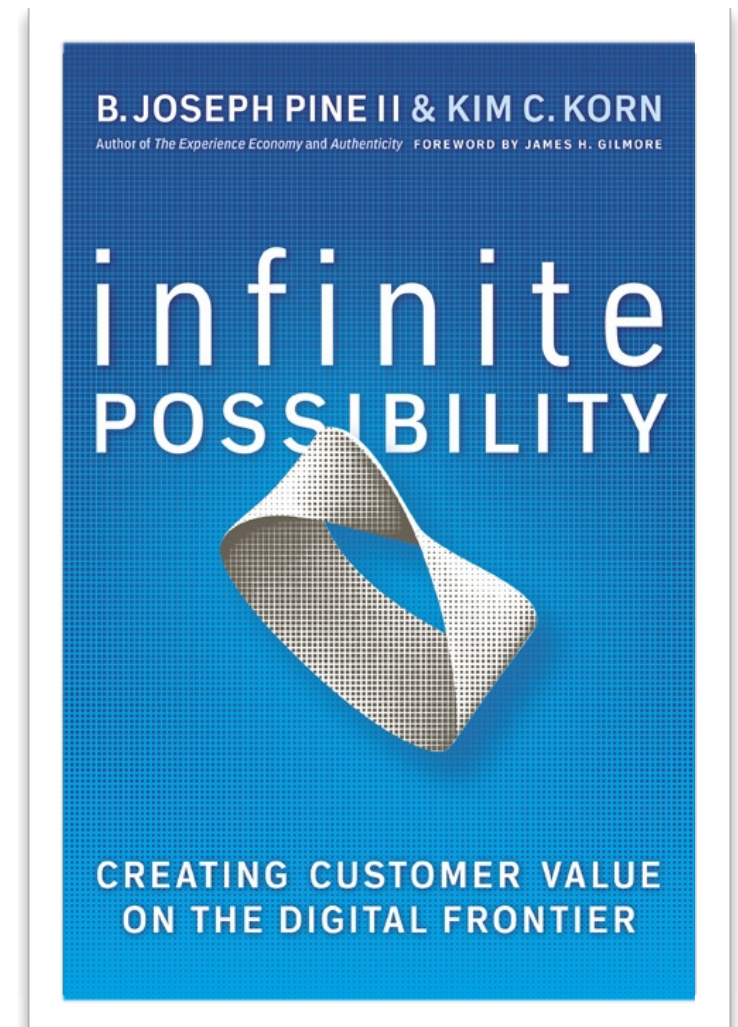
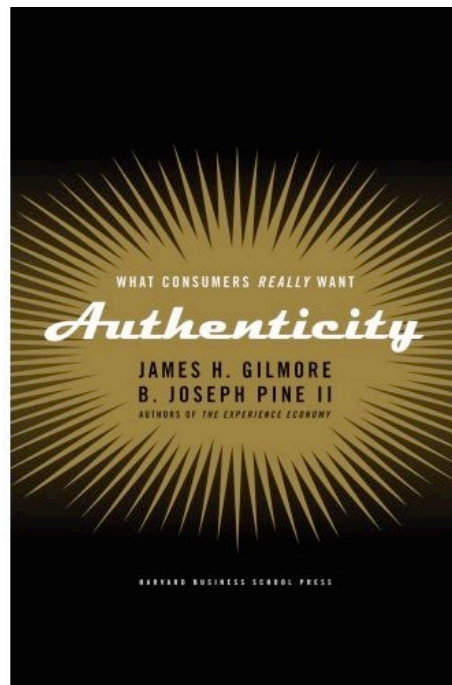


Most Popular Smart Phone Apps Used in Past 30 Days

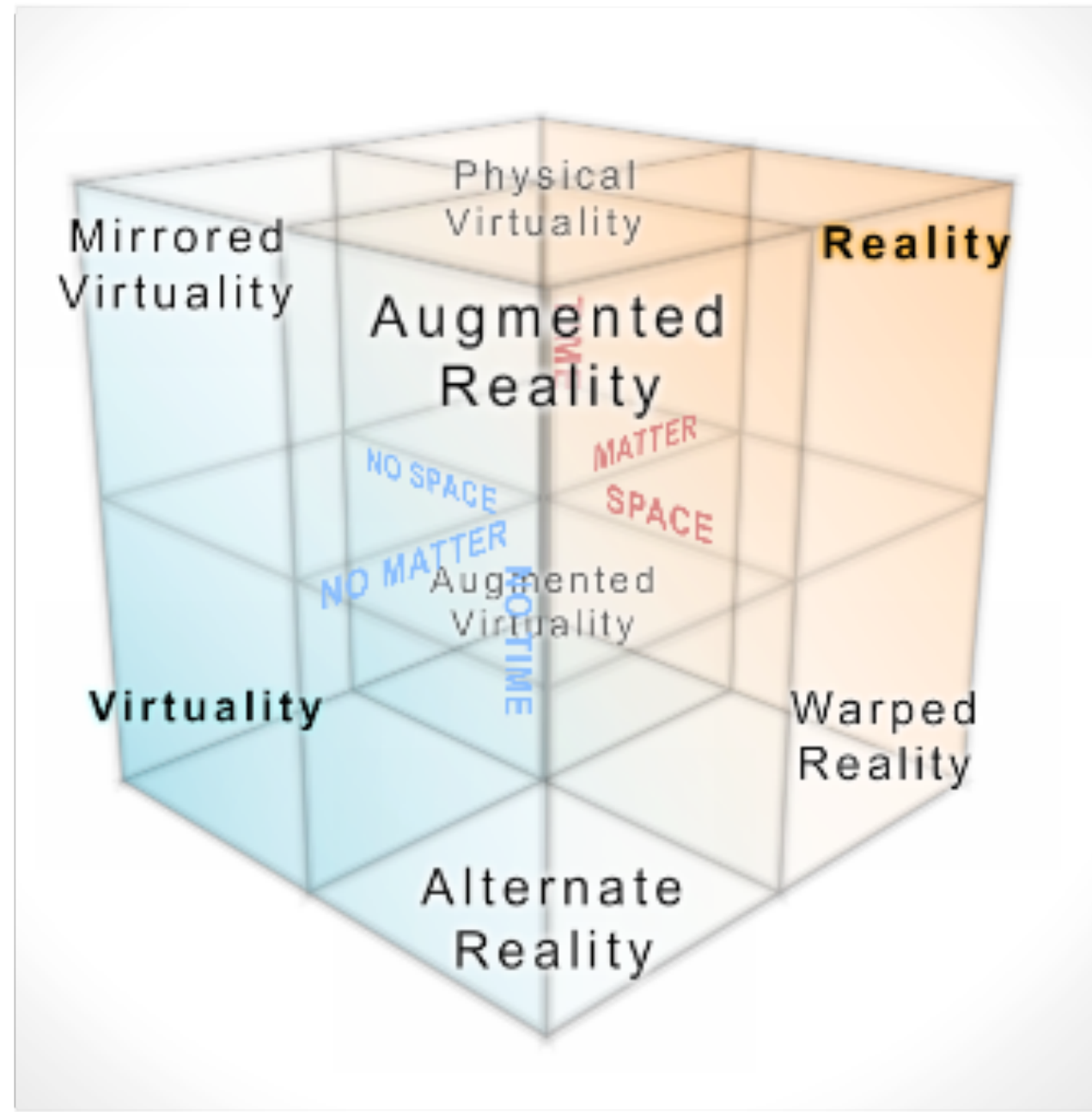




Joe Pine



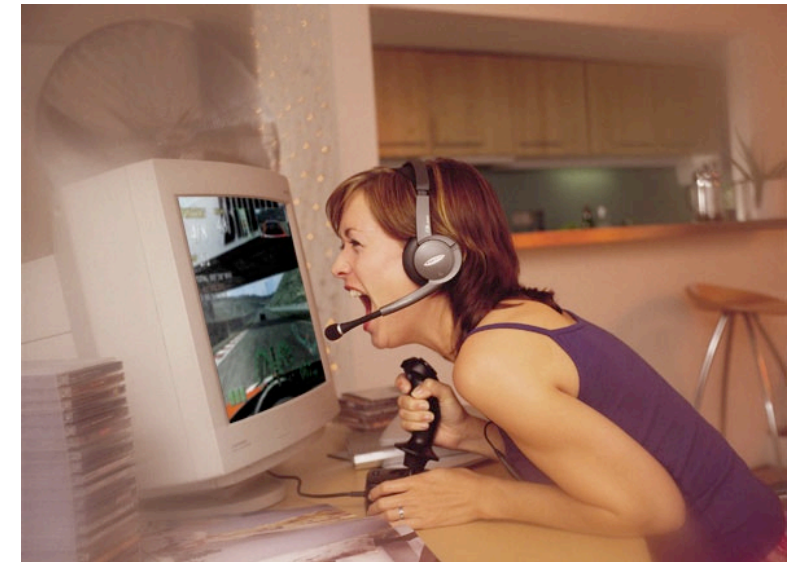
The Multiverse



The Multiverse

1. Reality
2. Augmented Reality
3. Alternate Reality
4. Warped Reality
5. Virtuality
6. Augmented Virtuality
7. Physical Virtuality
8. Mirrored Virtuality

Why Are video games so appealing?





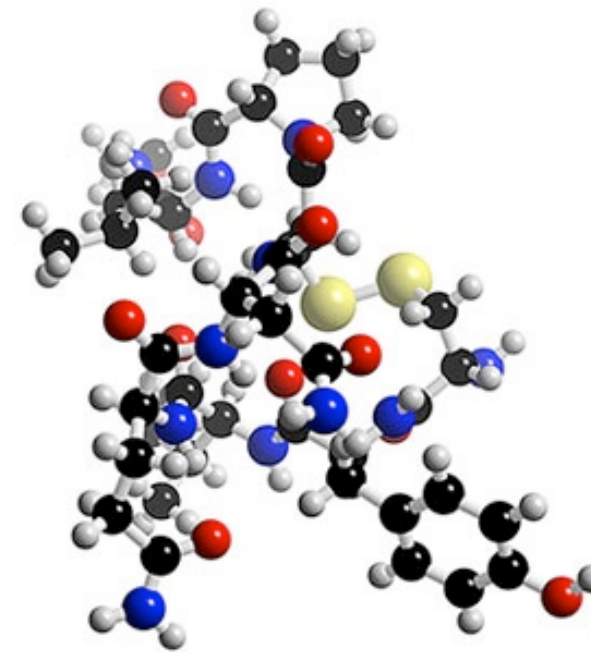
80% Socializers

10% Achievers

9% Explorers

1% Killers

Oxytocon



“We are consumed by
what we are nourished by.”

William Shakespeare



The **VIRTUAL** is replacing the **REAL**

Creative Destruction of Location-Based Bricks & Mortar





HIGH FIDELITY

Fidelity Belly

Convenience





Caveman to the Rescue

Back to the Future

#1 Reason for Attending Cultural Events

Dance - *Socialize* 60%

Arts & Crafts Fair - *Socialize* 59%

Music - *Socialize* 60%

Play - *Socialize* 68%

Art Museum - *Gain Knowledge* 65% (socialize 45%)



Cinemas increasing their Fidelity





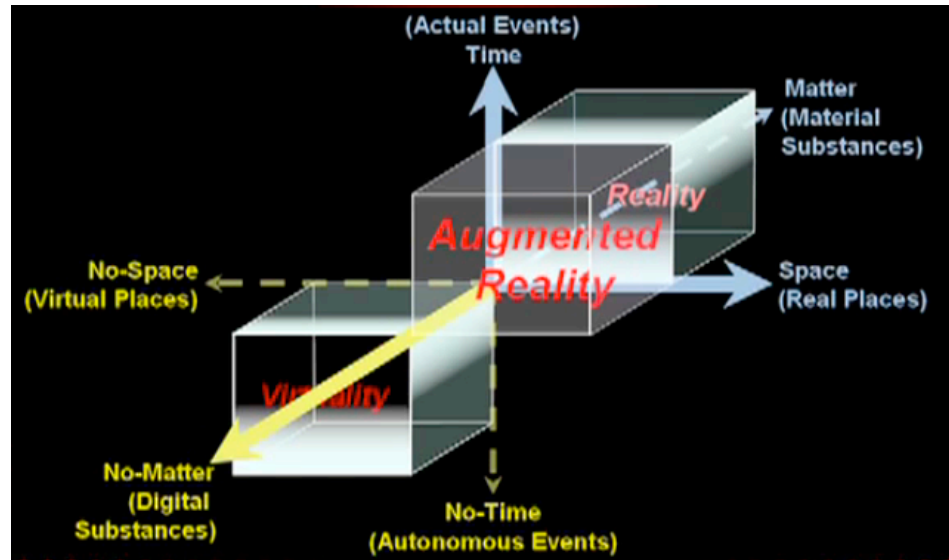
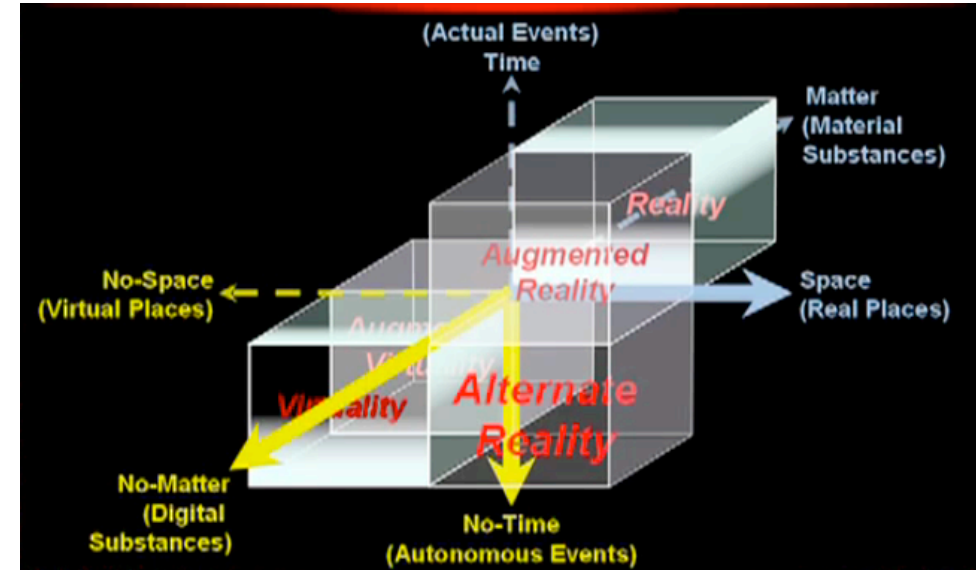
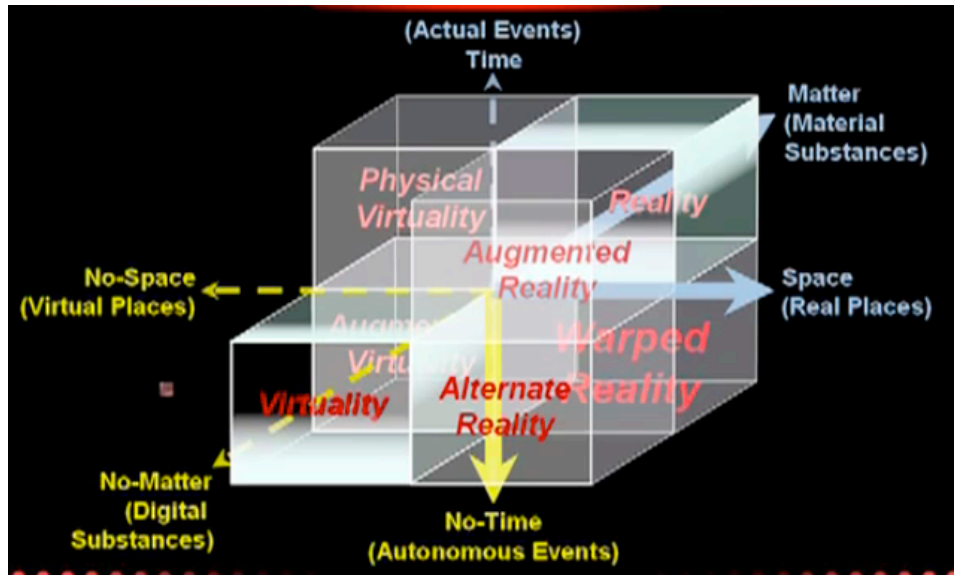
Bowling increasing its Fidelity



Stood test of time



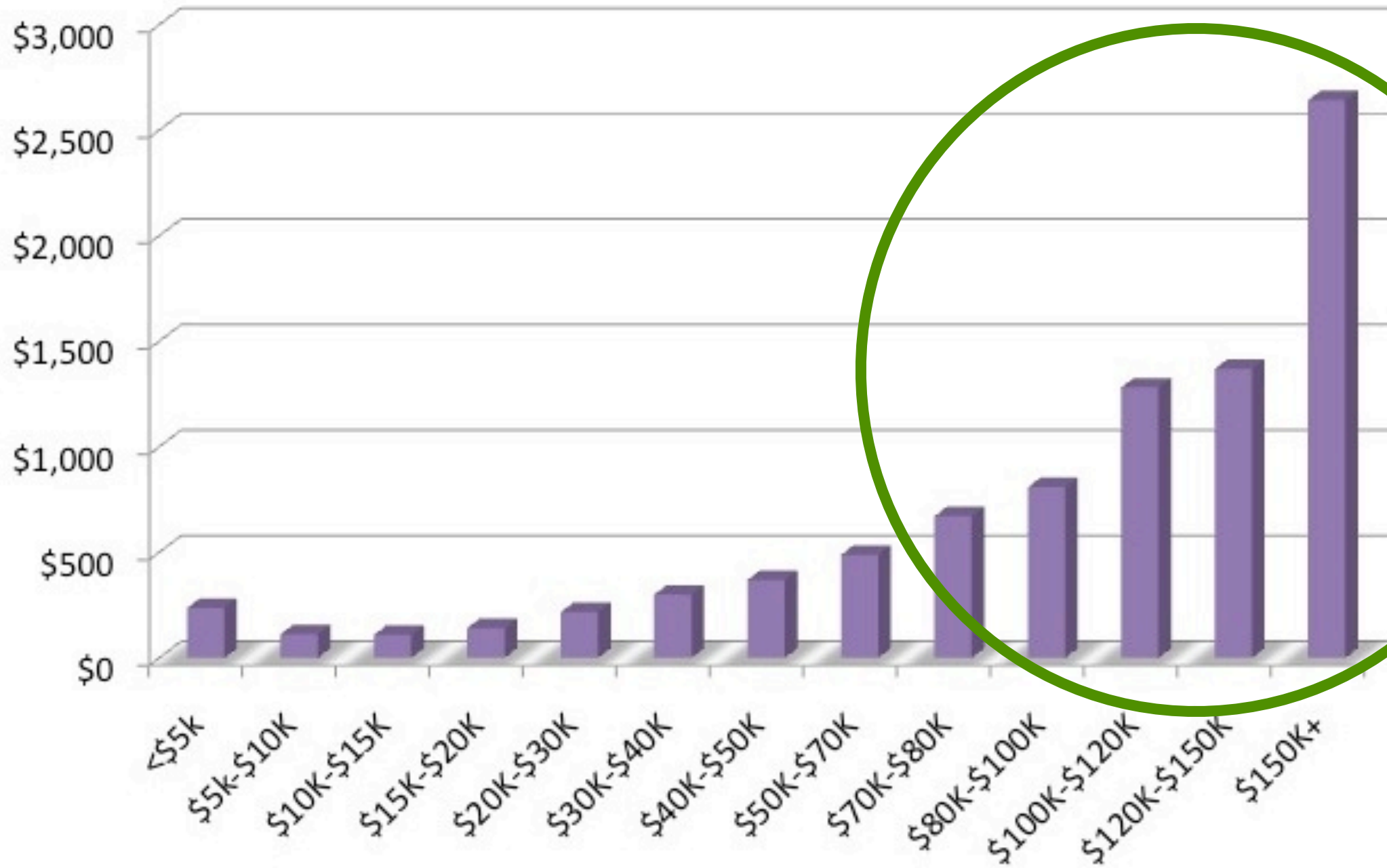




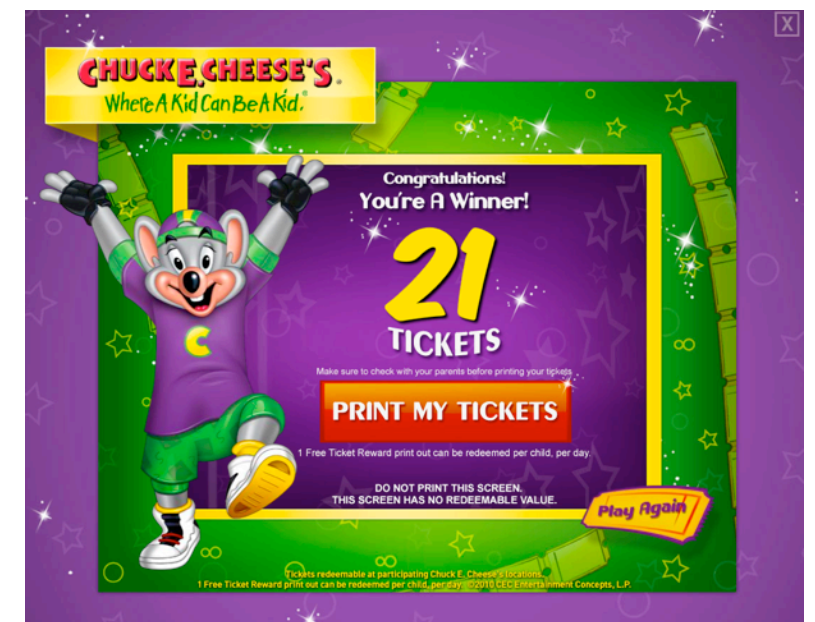
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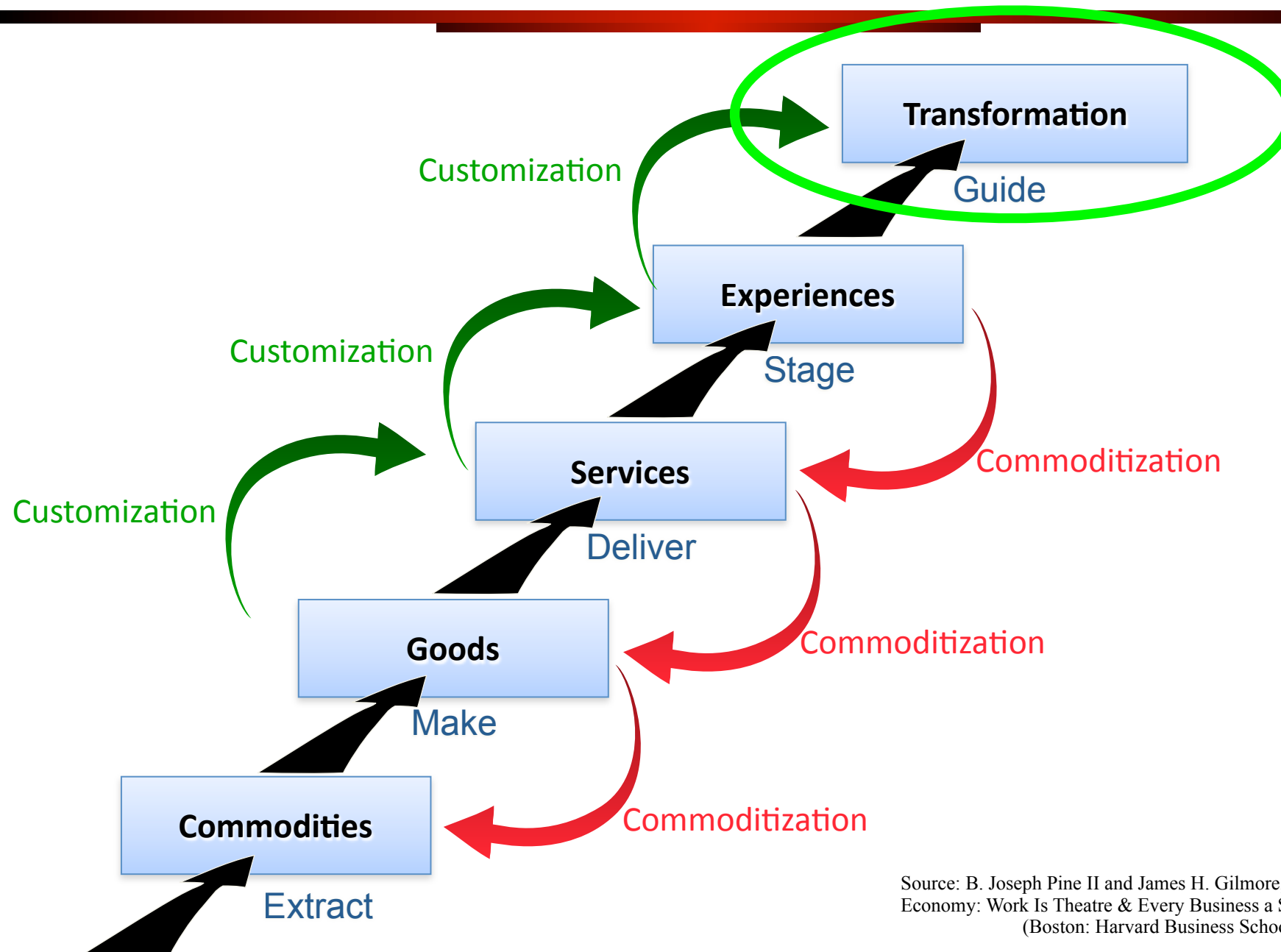
2009 Household Out-of-Home Entertainment Spending



Convergence



The Progression of Economic Value



Source: B. Joseph Pine II and James H. Gilmore, *The Experience Economy: Work Is Theatre & Every Business a Stage*, (Boston: Harvard Business School Press, 1999), p. 22.

Customer Co-Creation





THANK YOU

Randy White, CEO



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