

Future-Proofing with the New Value Equation

***LASERTRON
CONFERENCE***

August 5, 2014

Randy White, CEO



Feasibility, design, production & consulting for:

- Family entertainment centers
- Hybrid entertainment-restaurant centers
- Children's edutainment (play & discovery) centers
- Family buffet-entertainment facilities
- At-home mom play cafes
- Adventure & discovery play gardens (playgrounds)
- Children's enrichment & informal learning venues
- Mixed-use entertainment, retail & dining projects
- Agritainment/agri-tourism projects



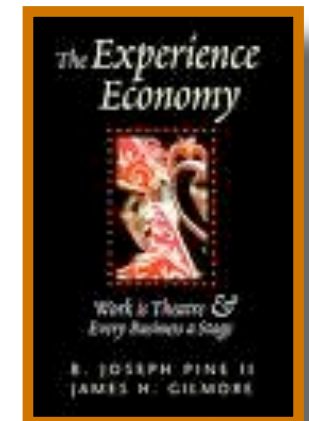
Feasibility, design, production & consulting services (A to Z):

- Market feasibility
- Site evaluation & selection
- Financial feasibility & projections
- Cost estimates
- Concept & mix development
- Brand development
- Full site, architectural & interior design
- Specify furniture, fixtures & equipment
- Full food service design & set-up
- Management start-up & training
- Business audits





- 38-years' experience performing feasibility studies
- Served 500+ clients in 32 different countries
- Projects have won 16 first-place awards
- Expertise and projects featured in *Time* magazine, *The Wall Street Journal*, on the *Food Network* and in many national and industry publications
- Website has over 2,000 pages of information





2004 Winner
Best FEC/children's edutainment center



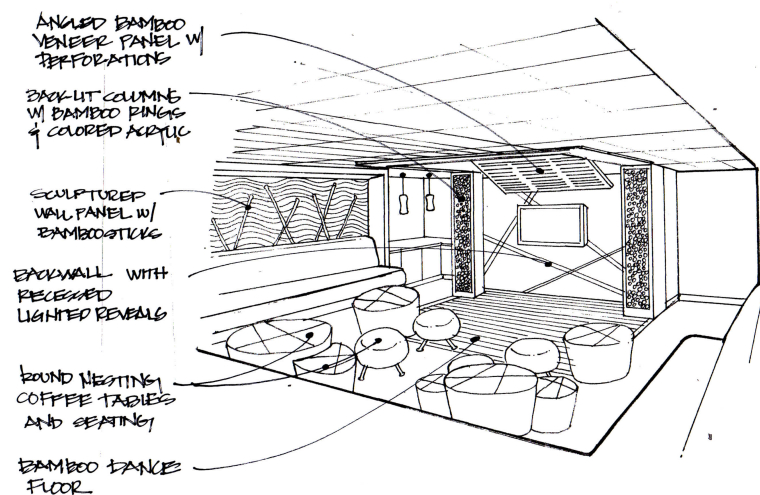












Catfish Bend CASINO



Need to plan with long-term horizon

Investment (Cost) = \$1,000,000

Annual Cash Flow = 20% (\$200,000)

	Cash Flow	Return	
Development	(\$1,000,000)	(\$1,000,000)	
Year 1	\$200,000	(\$800,000)	
Year 2	\$200,000	(\$600,000)	
Year 3	\$200,000	(\$400,000)	
Year 4	\$200,000	(\$200,000)	
Year 5	\$200,000	\$0	
Year 6	\$200,000	\$200,000	
Year 7	\$200,000	\$400,000	
Year 8	\$200,000	\$600,000	
Year 9	\$200,000	\$800,000	NPV @ 3%
Year 10	\$200,000	\$1,000,000	\$685,476



We are in the mist of a profound disruptive & transformative shift from physical to **DIGITAL** entertainment and it's happening faster than most people realize!





- Disruptions impacting location-based entertainment
- Data on impact:
 - Participation
 - Leisure time
 - Spending
 - Socioeconomics of participation
- Framework to understand what is happening
- What's the solution?



1993

World Wide Web

The WorldWideWeb (W3) is a wide-area [hypermedia](#) information retrieval initiative aiming to give universal access to a large universe of documents.

Everything there is online about W3 is linked directly or indirectly to this document, including an [executive summary](#) of the project, [Mailing lists](#) , [Policy](#) , November's [W3 news](#) , [Frequently Asked Questions](#) .

[What's out there?](#)

Pointers to the world's online information, [subjects](#) , [W3 servers](#), etc.

[Help](#)

on the browser you are using

[Software Products](#)

A list of W3 project components and their current state. (e.g. [Line Mode](#) ,X11 [Viola](#) , [NeXTStep](#) , [Servers](#) , [Tools](#) , [Mail robot](#) , [Library](#))

[Technical](#)

Details of protocols, formats, program internals etc

[Bibliography](#)

Paper documentation on W3 and references.

[People](#)

A list of some people involved in the project.

[History](#)

A summary of the history of the project.

[How can I help ?](#)

If you would like to support the web..

[Getting code](#)

Getting the code by [anonymous FTP](#) , etc.



2002



2003

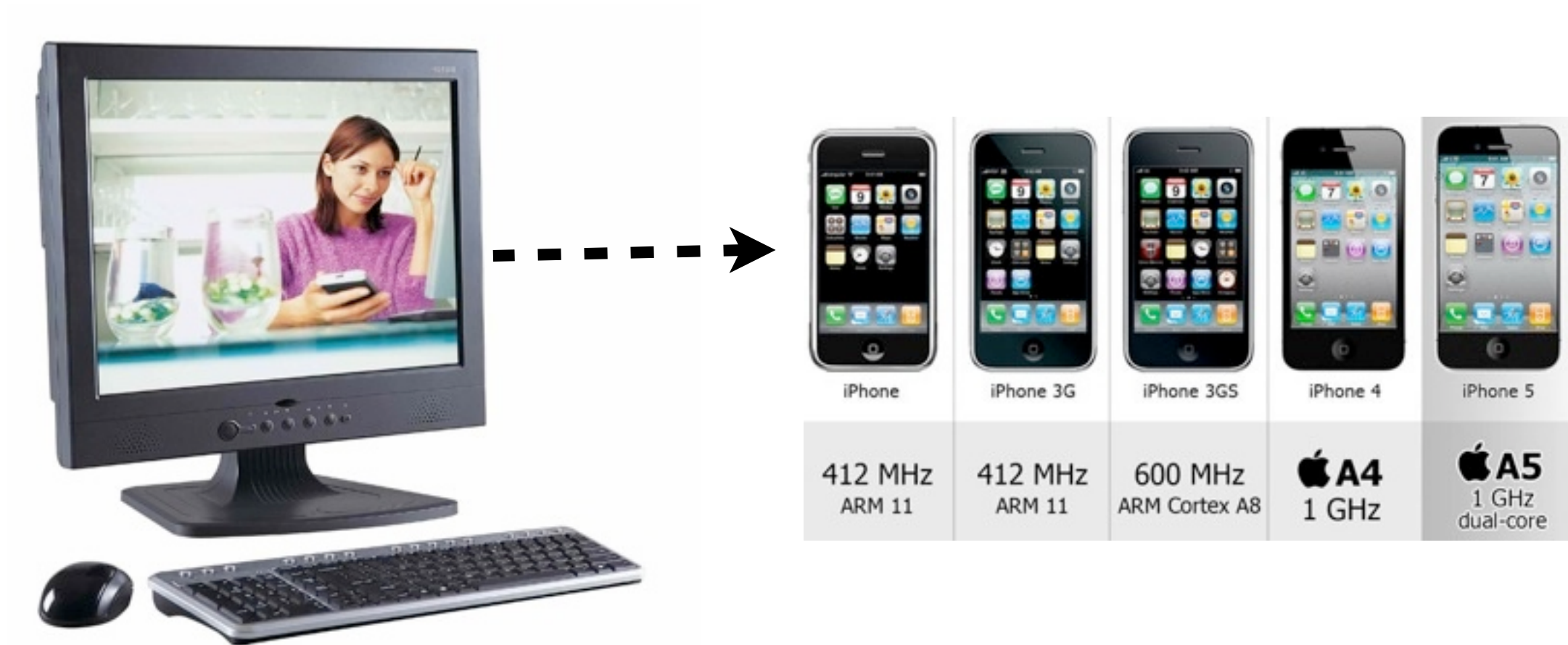


2004



2005

June 29, 2007



St. Peter's Square, Rome, Italy



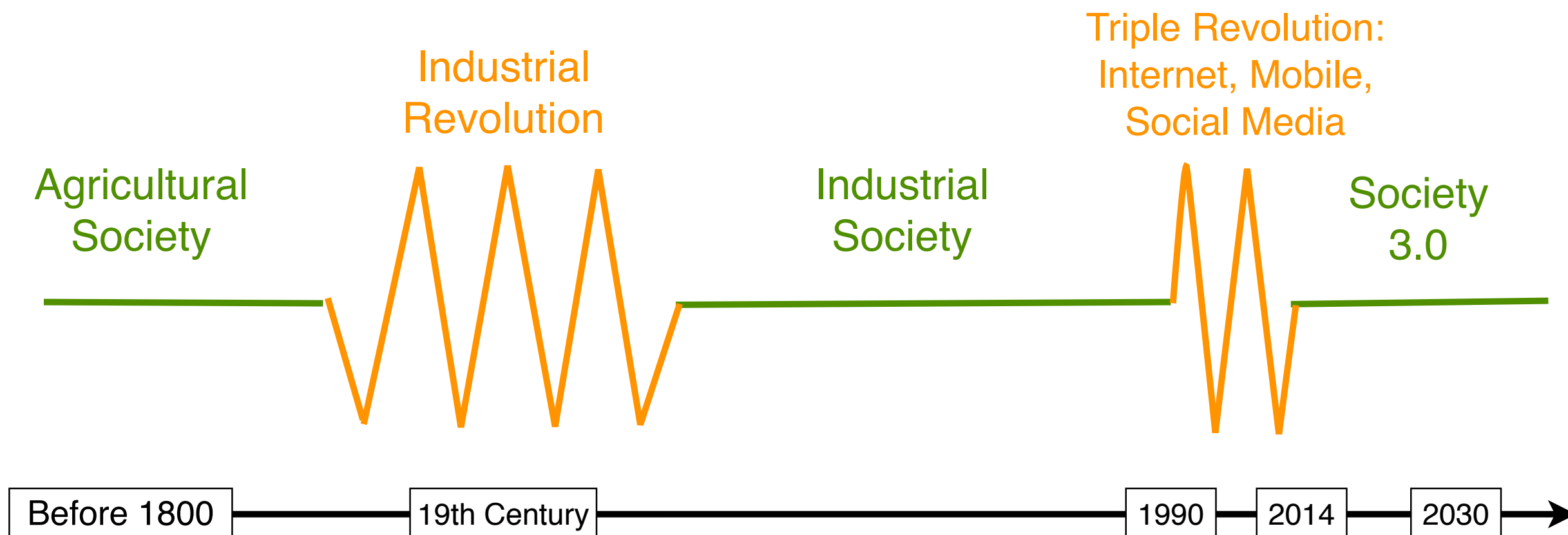
Changes of behavior when we attend concerts

1990s



2010s

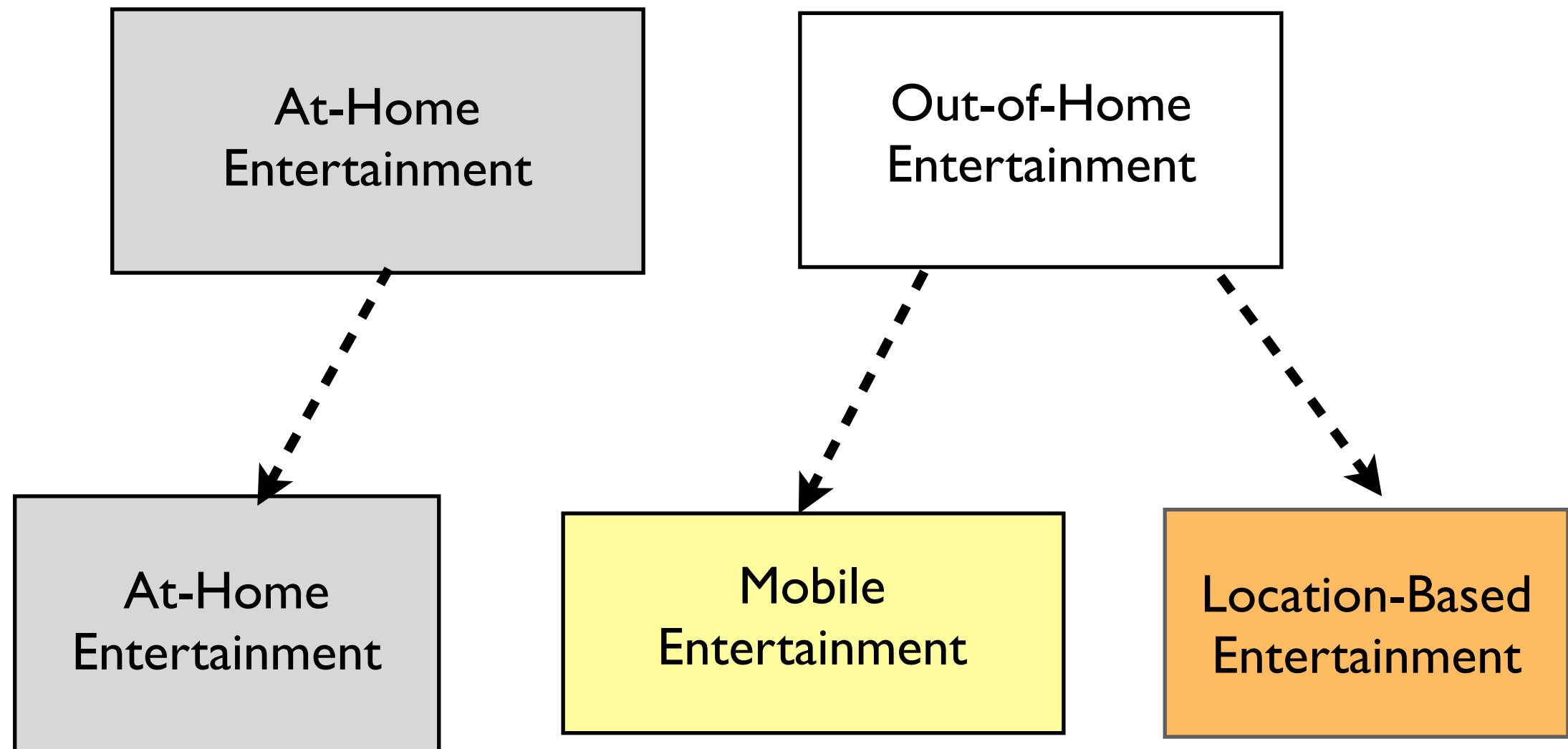


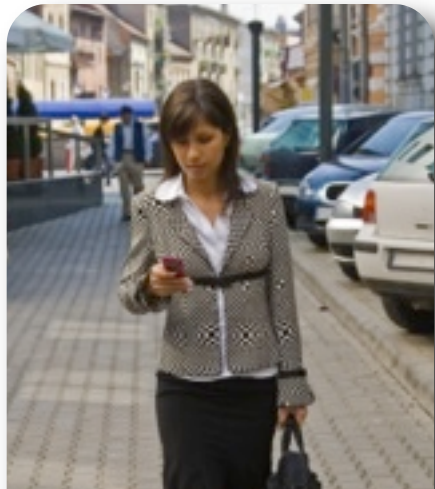


New Human 6th Sense Constant Digital Connectivity



Nomophobia (no-mobile-phone phobia)





ENTERTAINMENT IS NO LONGER
LOCATION DEPENDENT



SOCIAL MEDIA IS A NEW FORM OF ENTERTAINMENT

*Consumers increasingly use Facebook
and Twitter to supplement
traditional entertainment experiences*

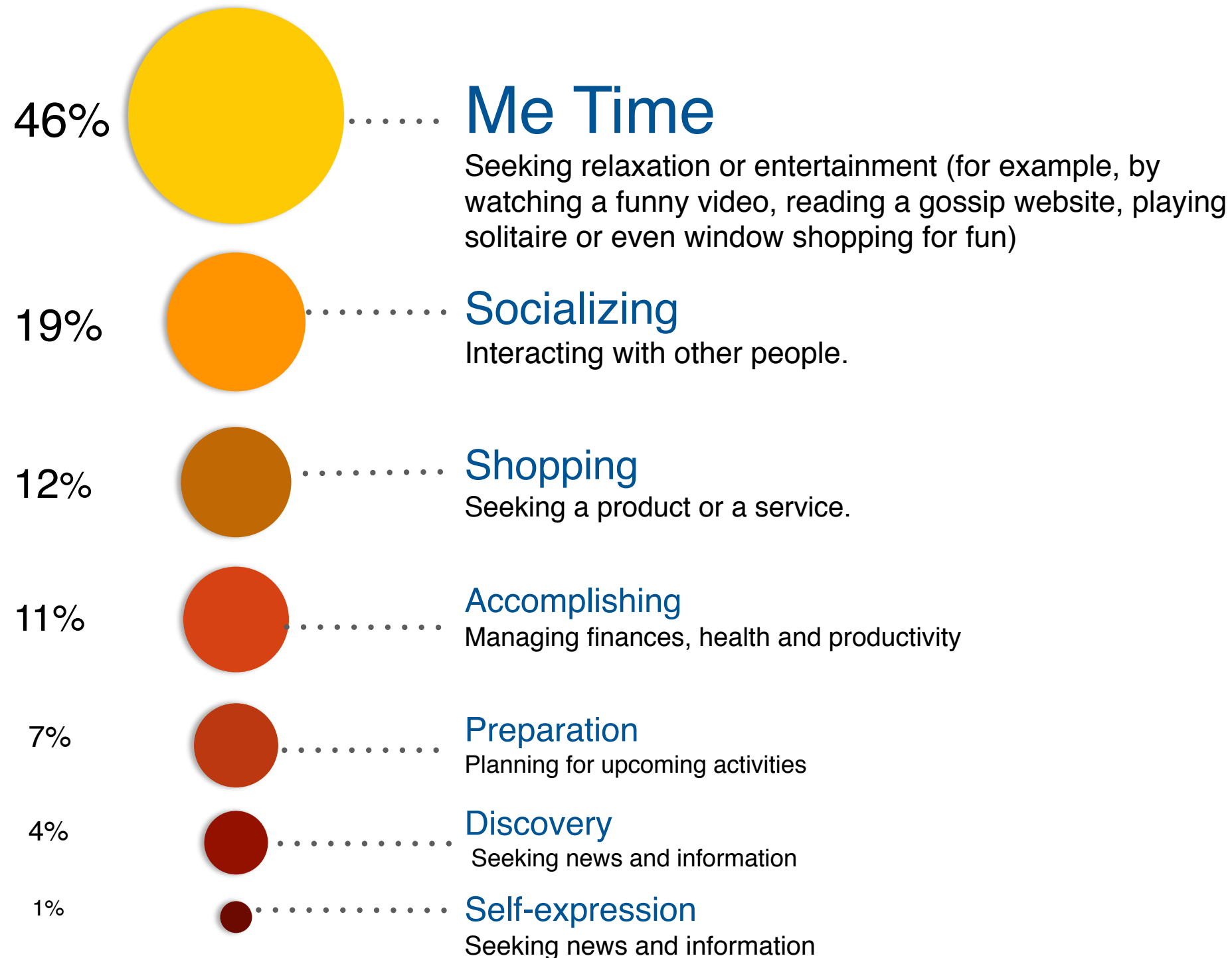


88%

consider visiting and posting
on social networking
sites a form of entertainment

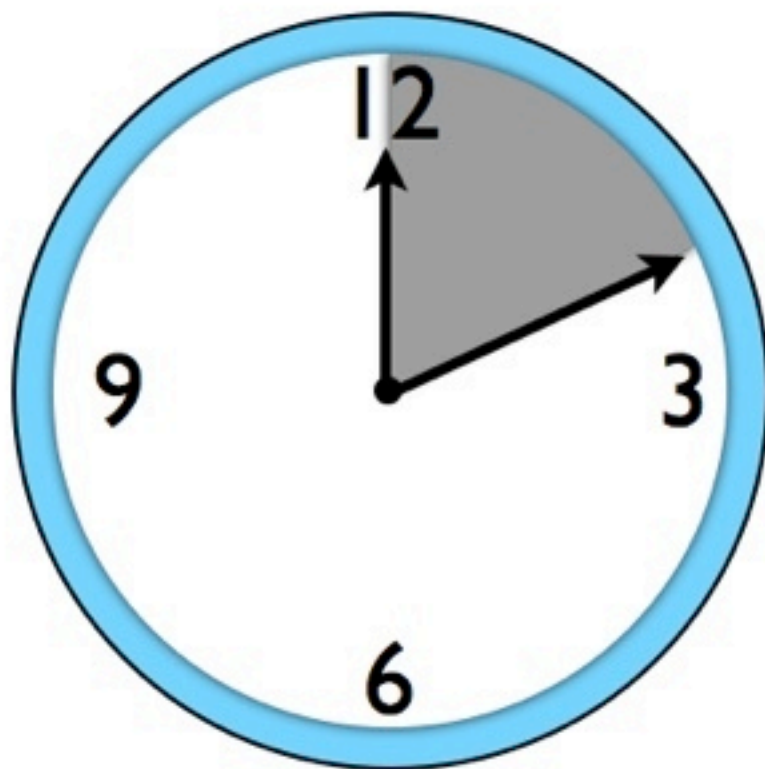
Penn Schoen Berland - social media users age 13 - 49

Reasons Consumers Use Smartphones



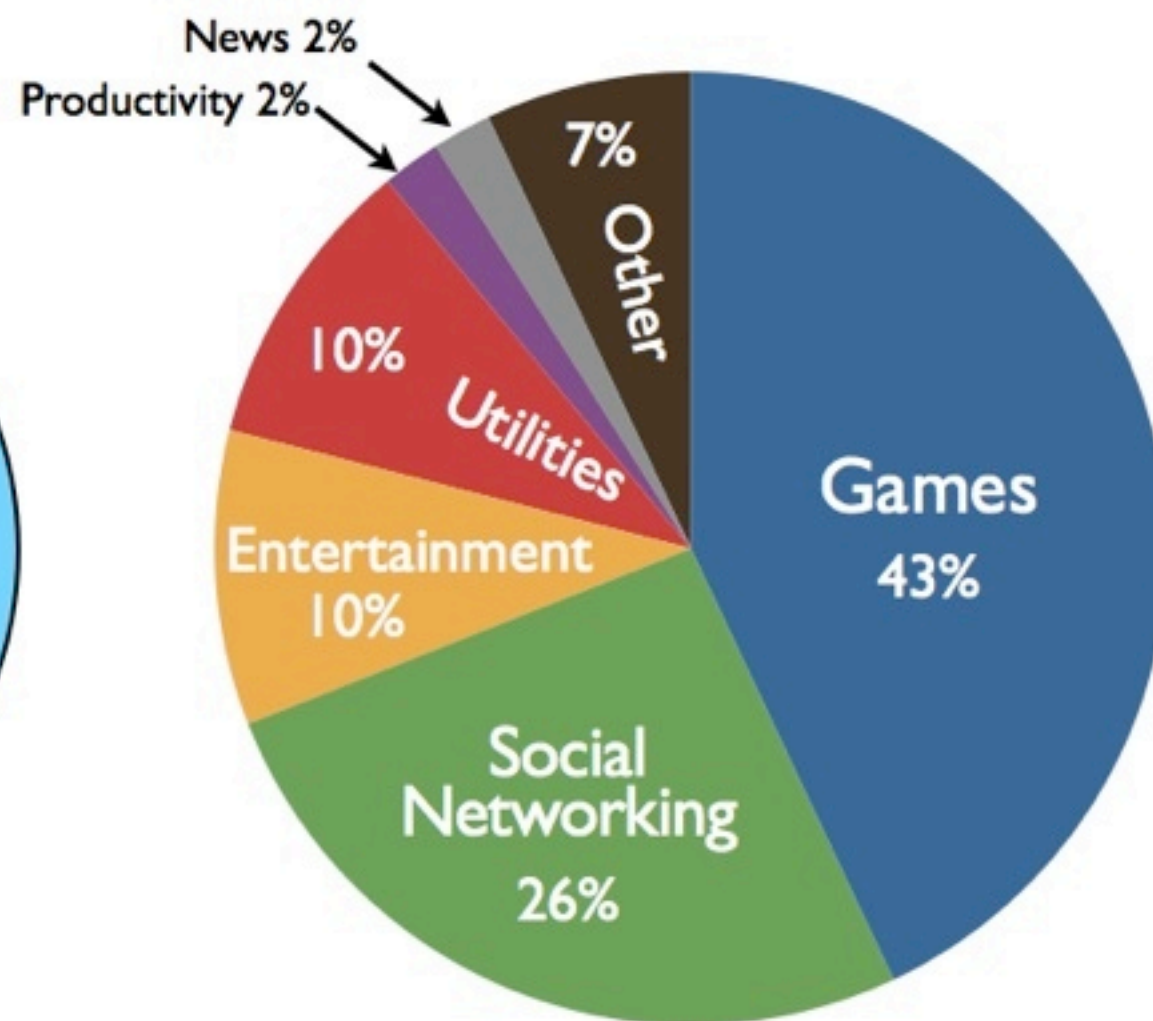
Source: "Seven Shades of Mobile" study, conducted by Insightsnow for AOL and BBDO, 2012

2 Hours per Day
Spent on Apps



Source: Wall Street Journal March 8, 2013

Most of that time spent
playing games

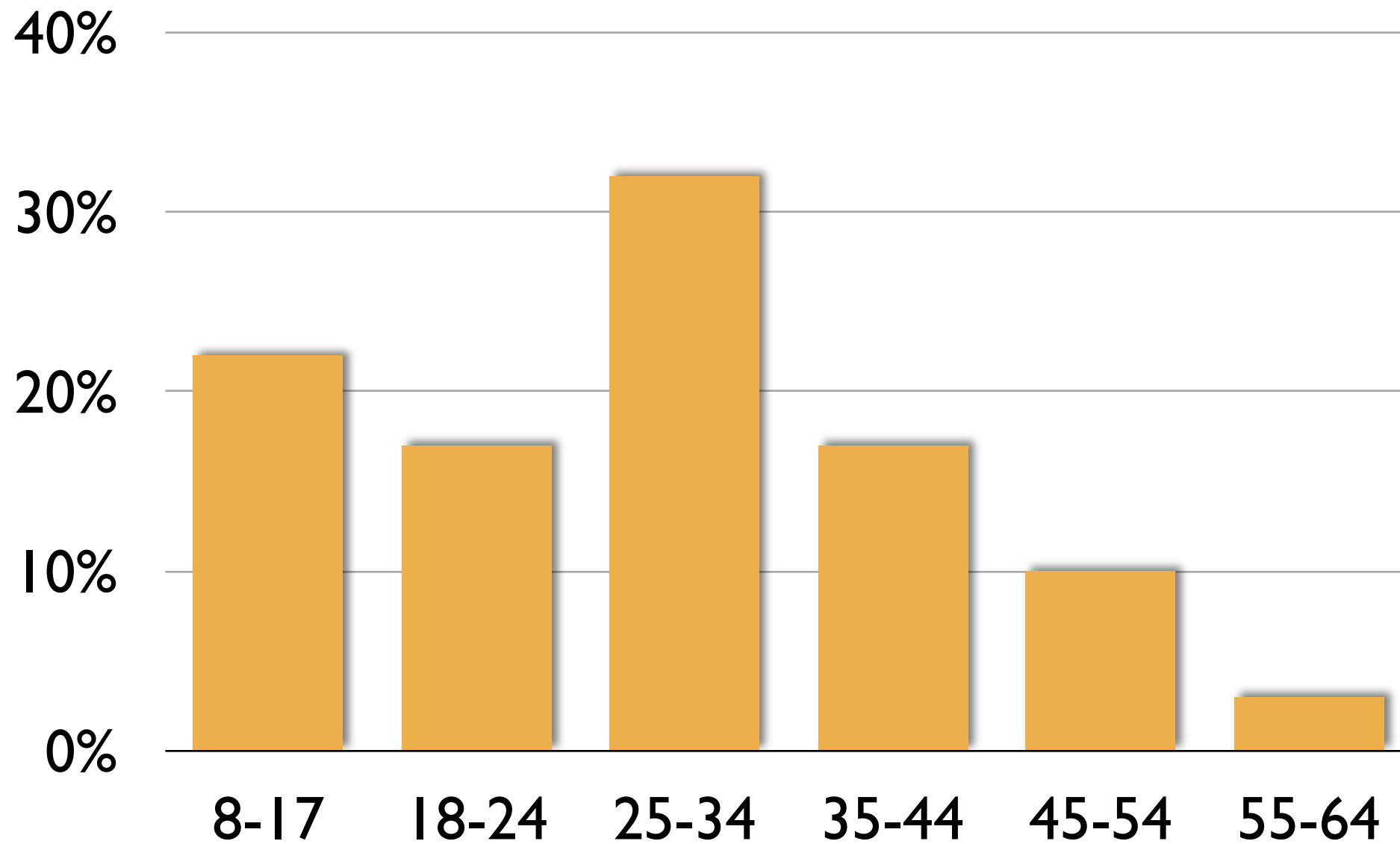


Source: Flurry Analytics, Nov. 2012

Super-Cocooning



Super-Cocooners

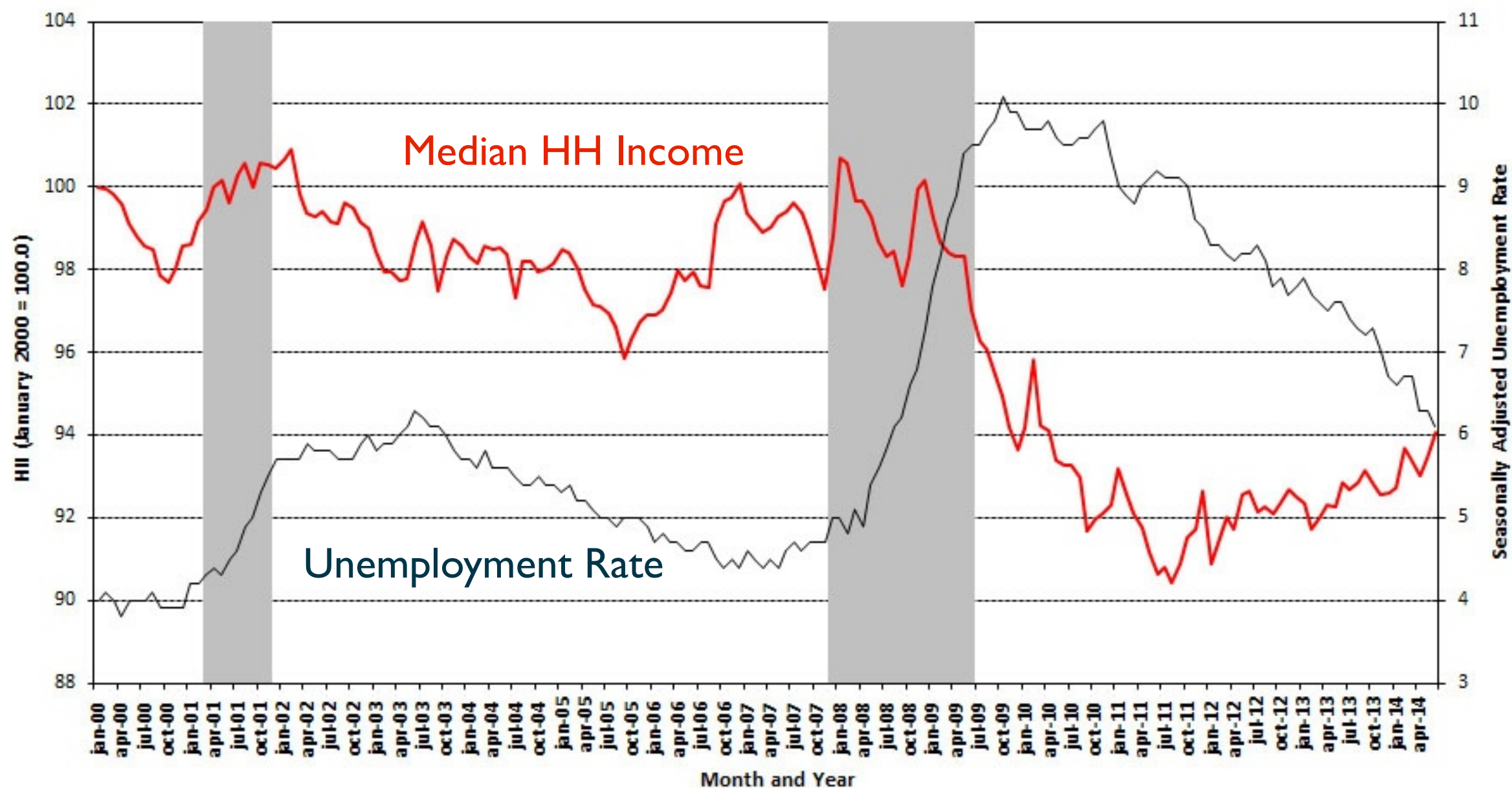


Source: Frank M. Magid Associations

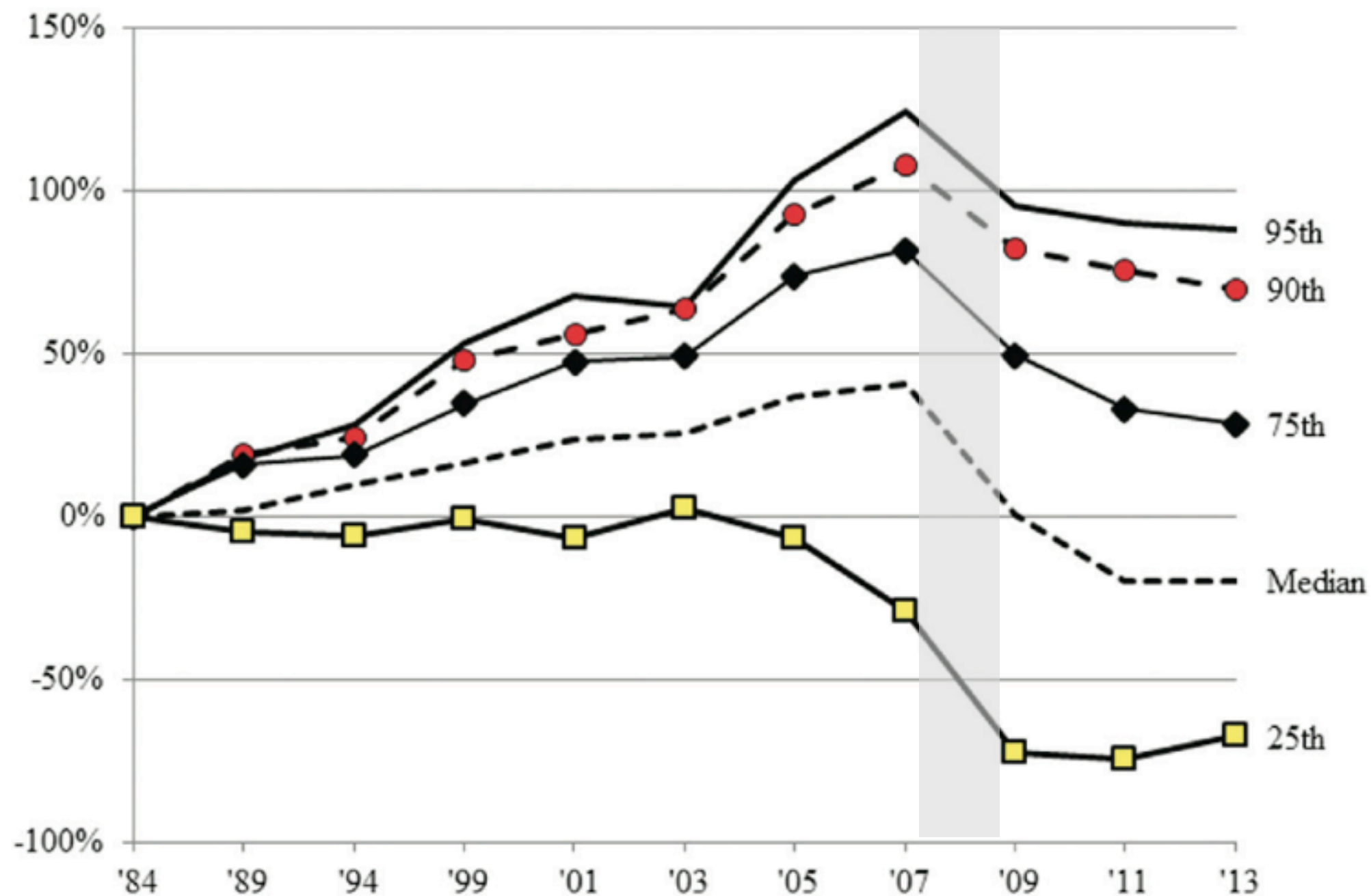
THE ECONOMIC DIVIDE



Median Household Income & Unemployment Rate



Change in Wealth since 1984 (in 2013 dollars)

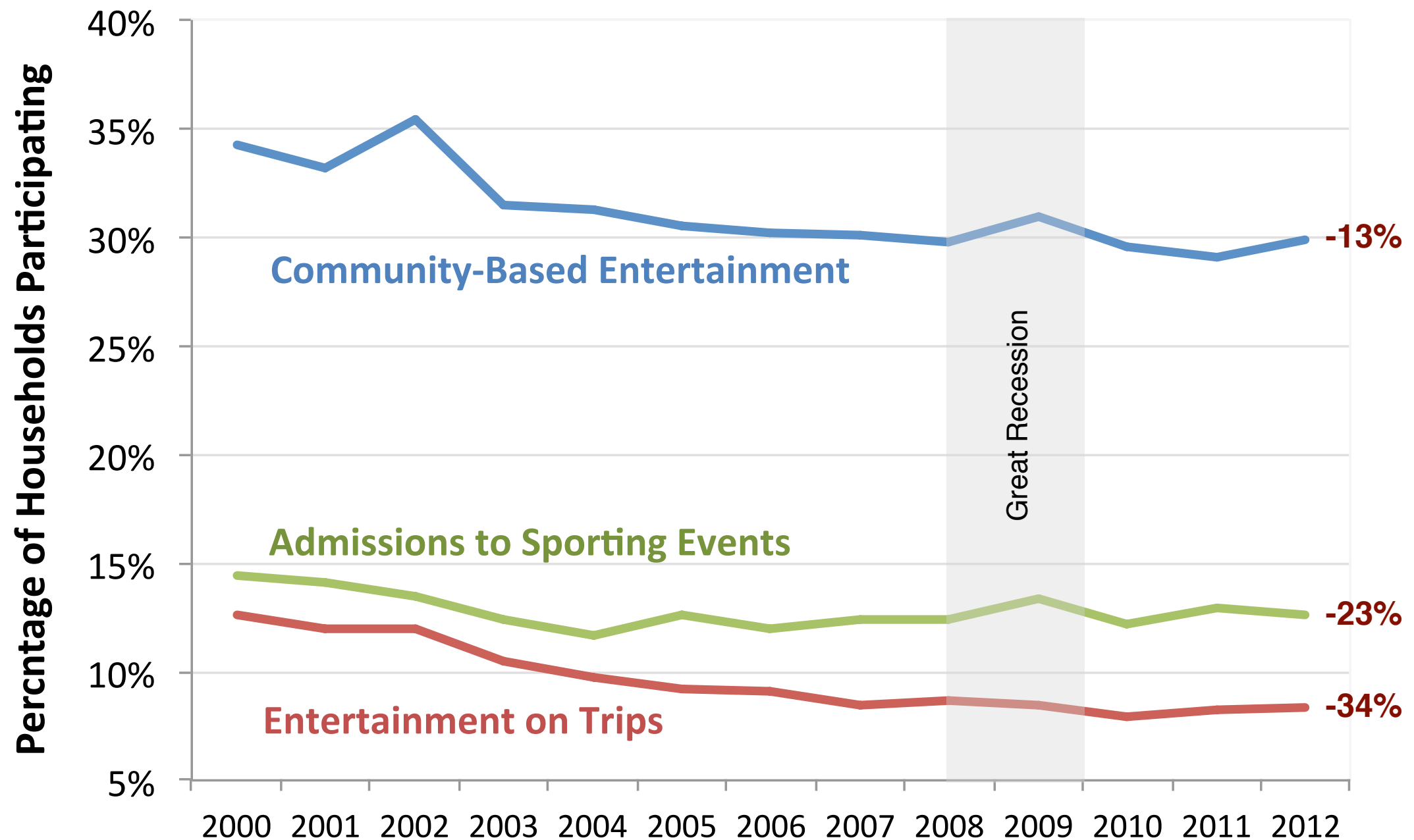


46% of Consumers Say U.S. is Still in a Recession



CHANGES TO ENTERTAINMENT PARTICIPATION

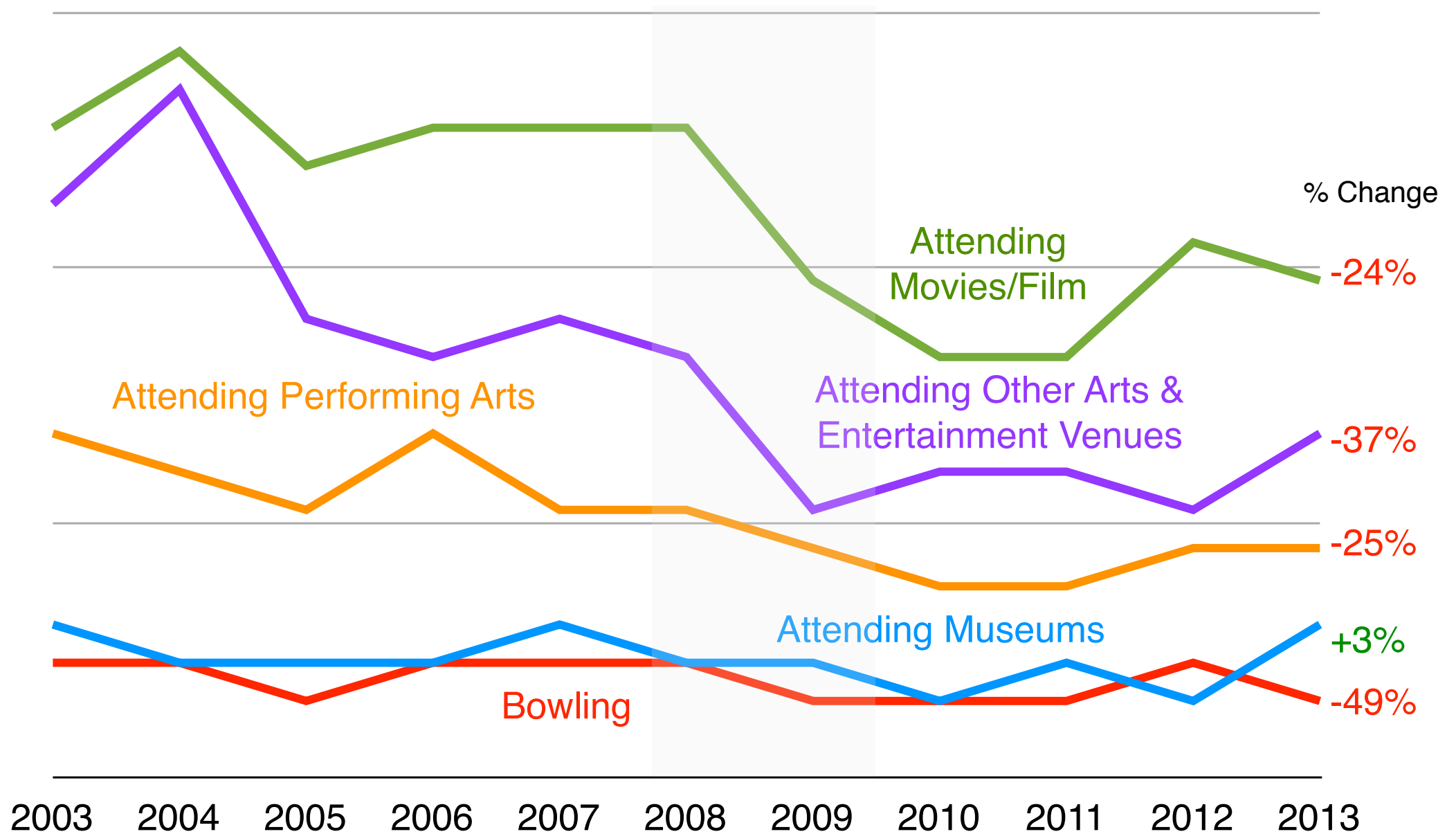
2000-2012 Household Participation Rates*



*Based on average quarterly participation rate.

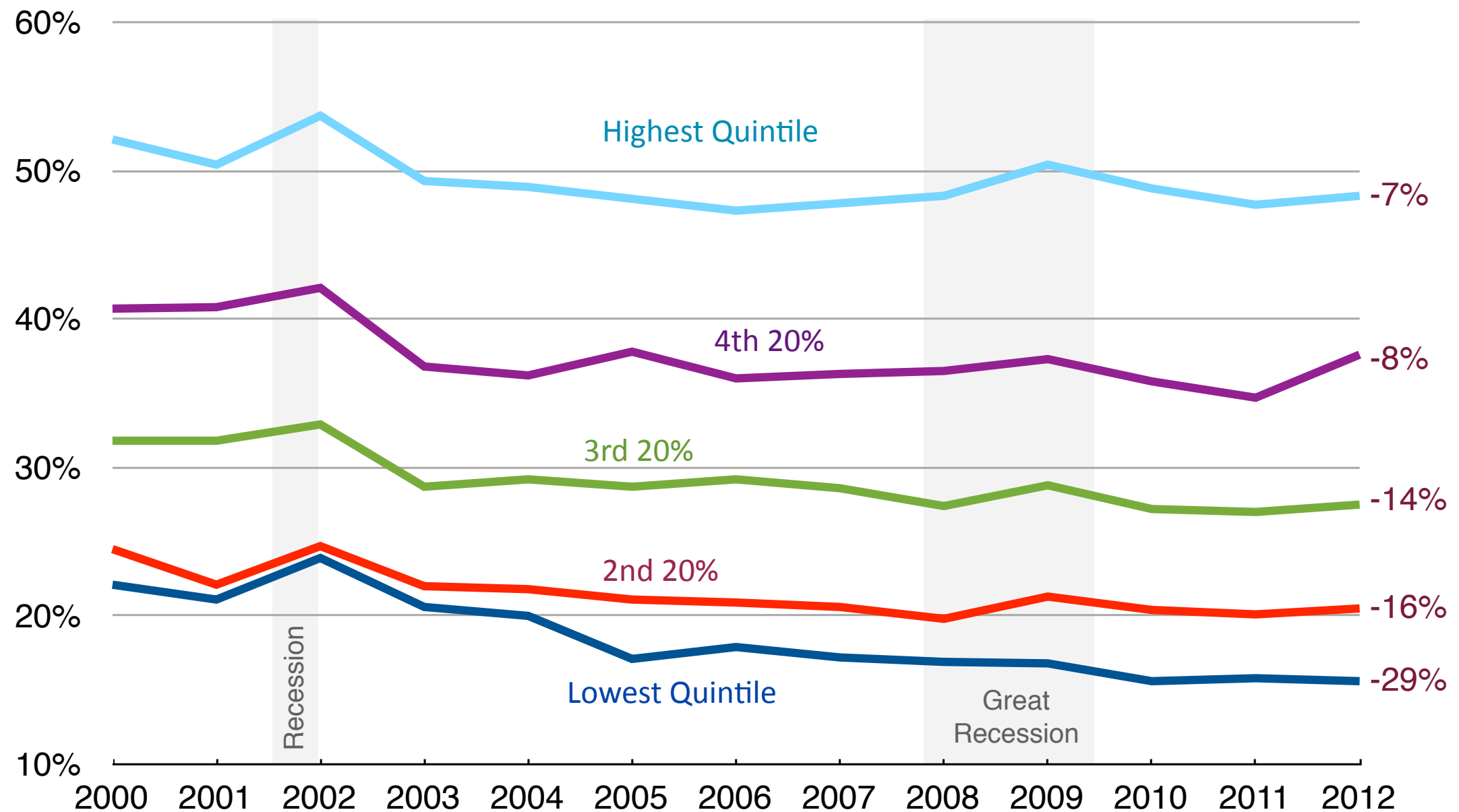
Source: Bureau of Labor Statistics, Consumer Expenditure Survey

Percent of U.S. Population Age 15 and Older Participating in Selected Activities on a Typical Day



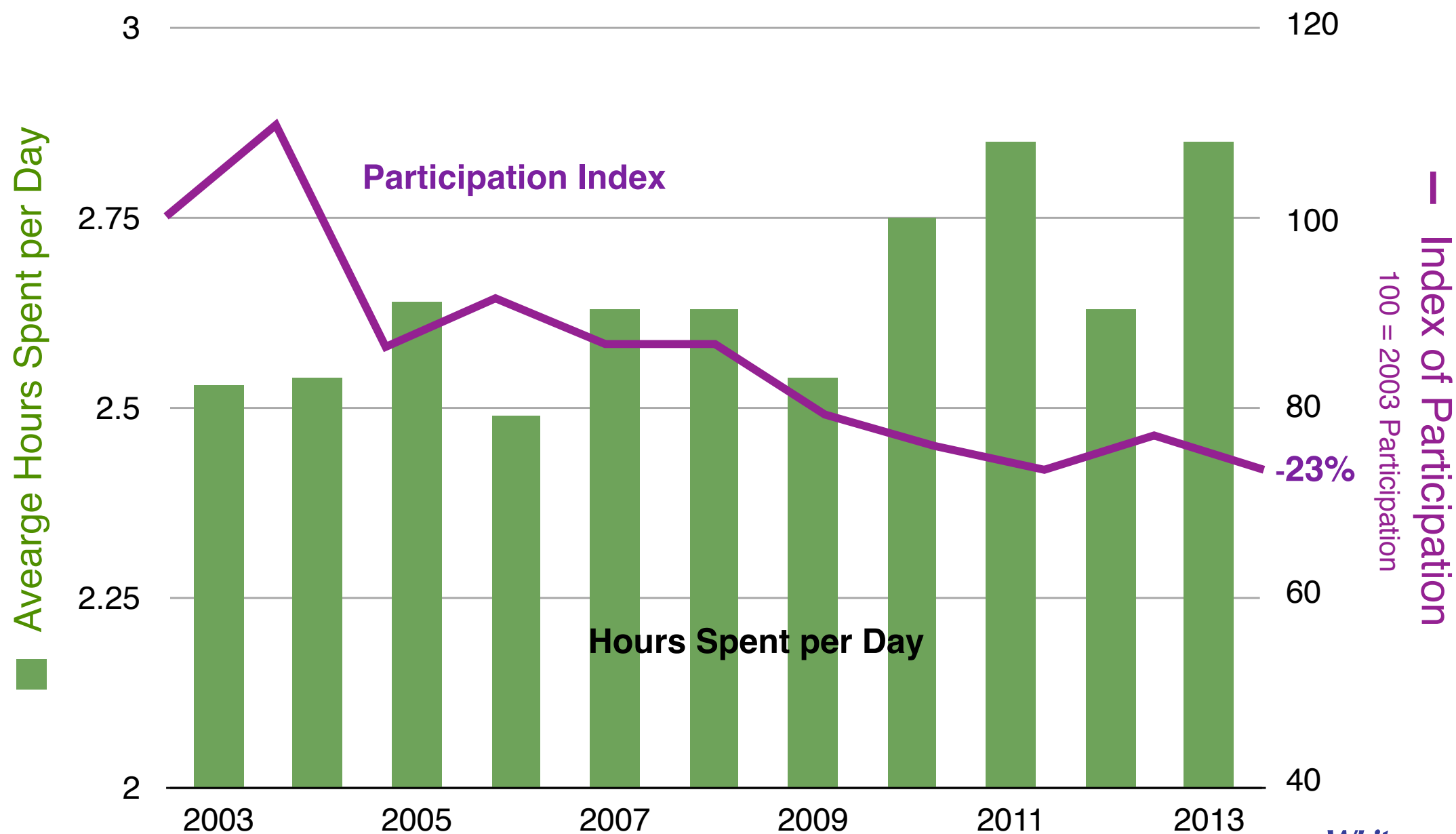
Source: U.S. Department of Labor American Time Use Survey

Percent of Households Participating in Community-Based Entertainment by Quintiles of Income



Source: U.S. Department of Labor, Consumer Expenditure Survey

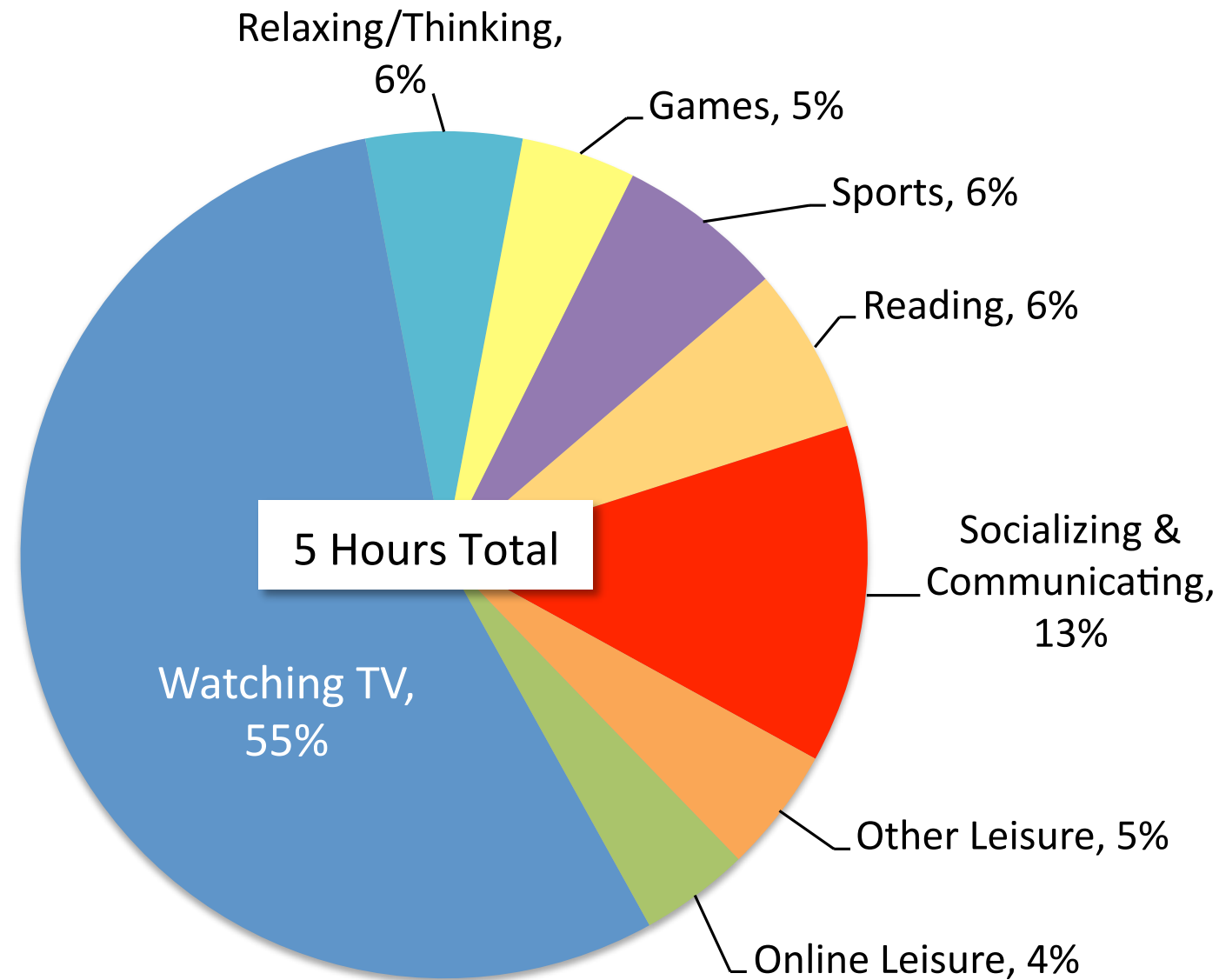
Average Time Spent by Participants and Index of Participation in Out-of-Home Entertainment (excludes sports)



Source: U.S. Department of Labor American Time Use Survey & White Hutchinson Leisure & Learning Group

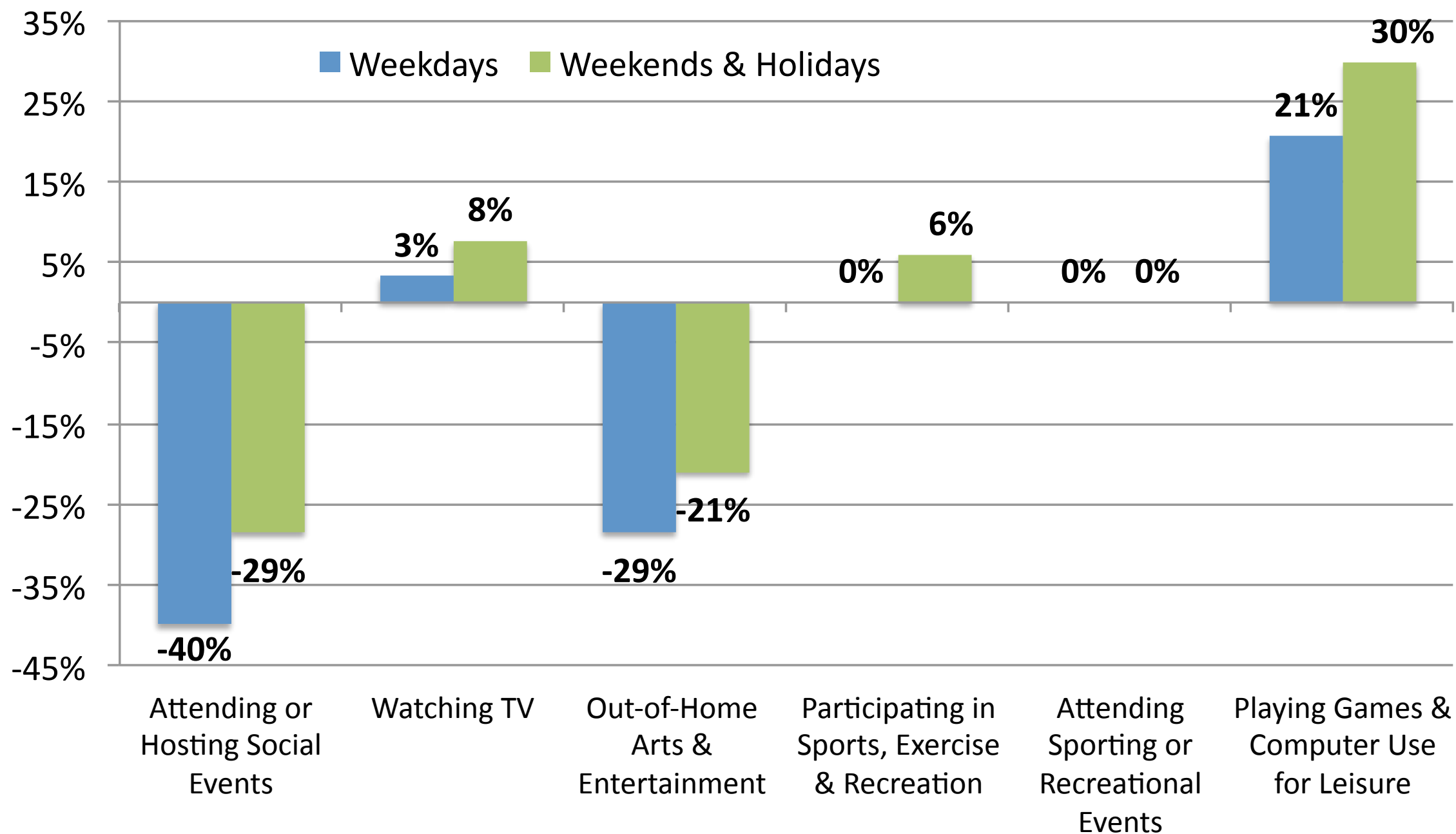
It's a Zero-Sum Game

Share of Leisure Time spent on Various Activities, 2013



Source: US Department of Labor American Time Use Survey

Percent Change 2004 to 2013 Average Average Hours per Day Spent at Selected Activities

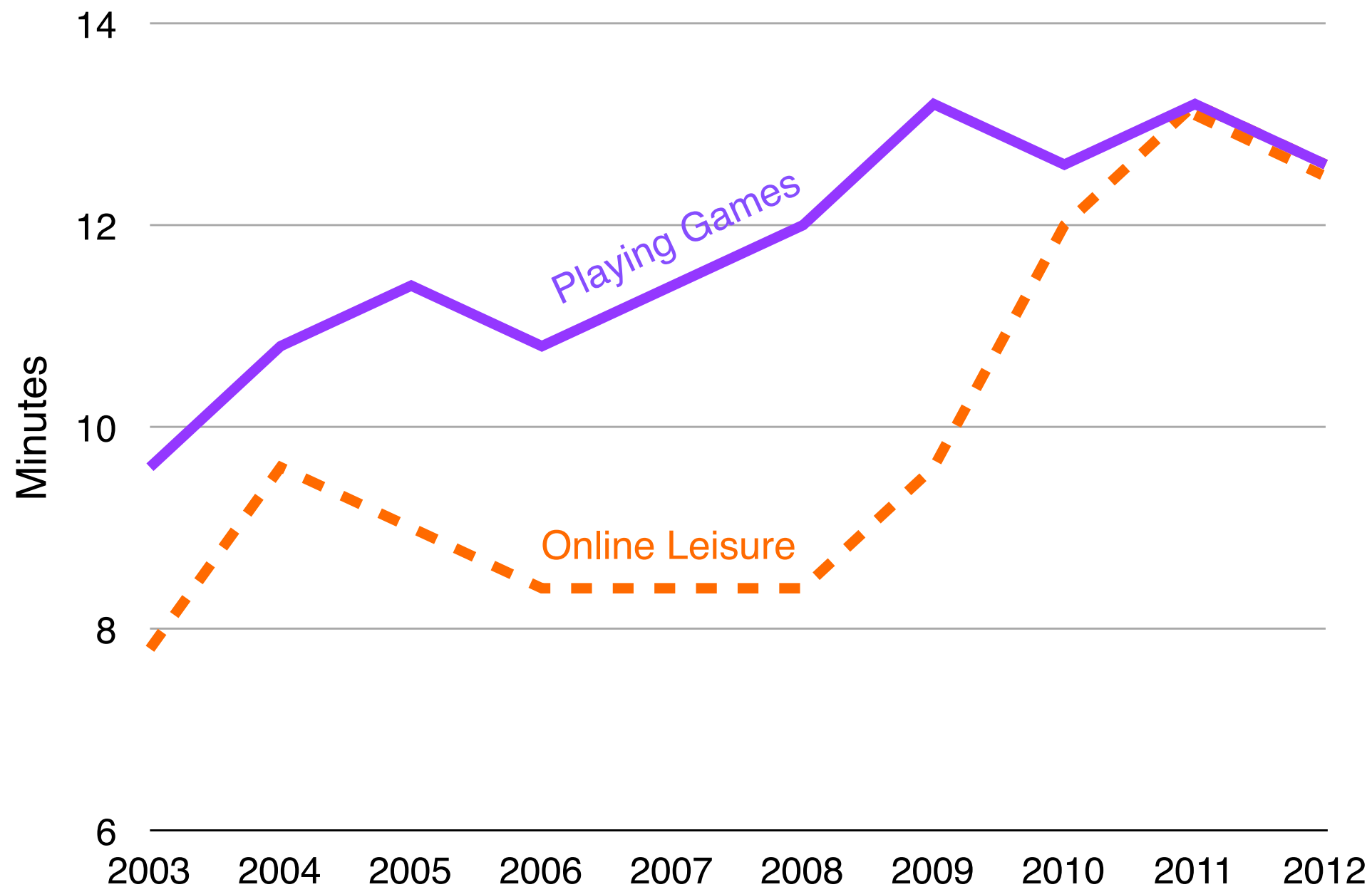


Source: American Time Use Survey

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

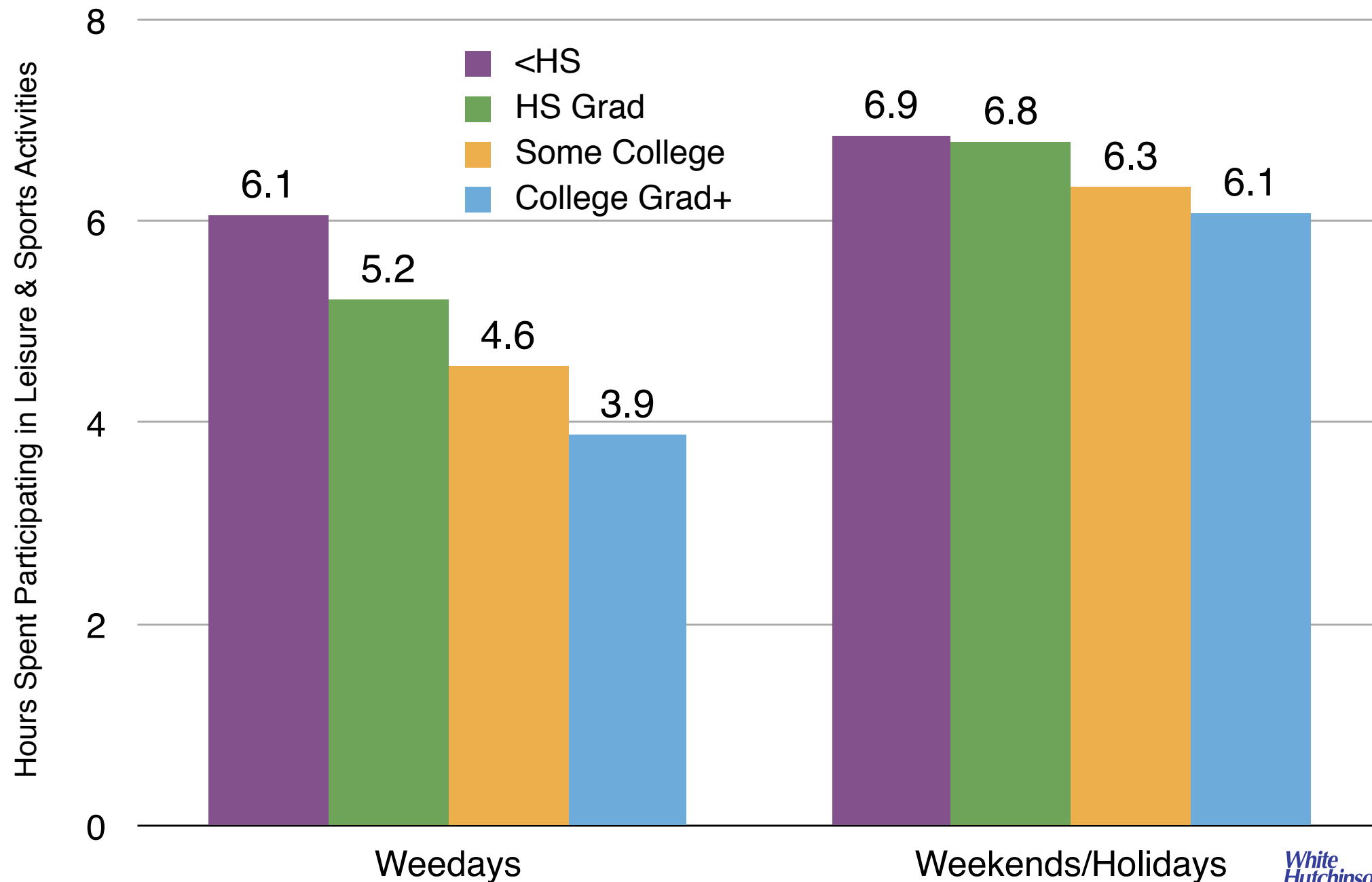


Average Number of Minutes on Typical Day the U.S. Population Participates in Selected Activities



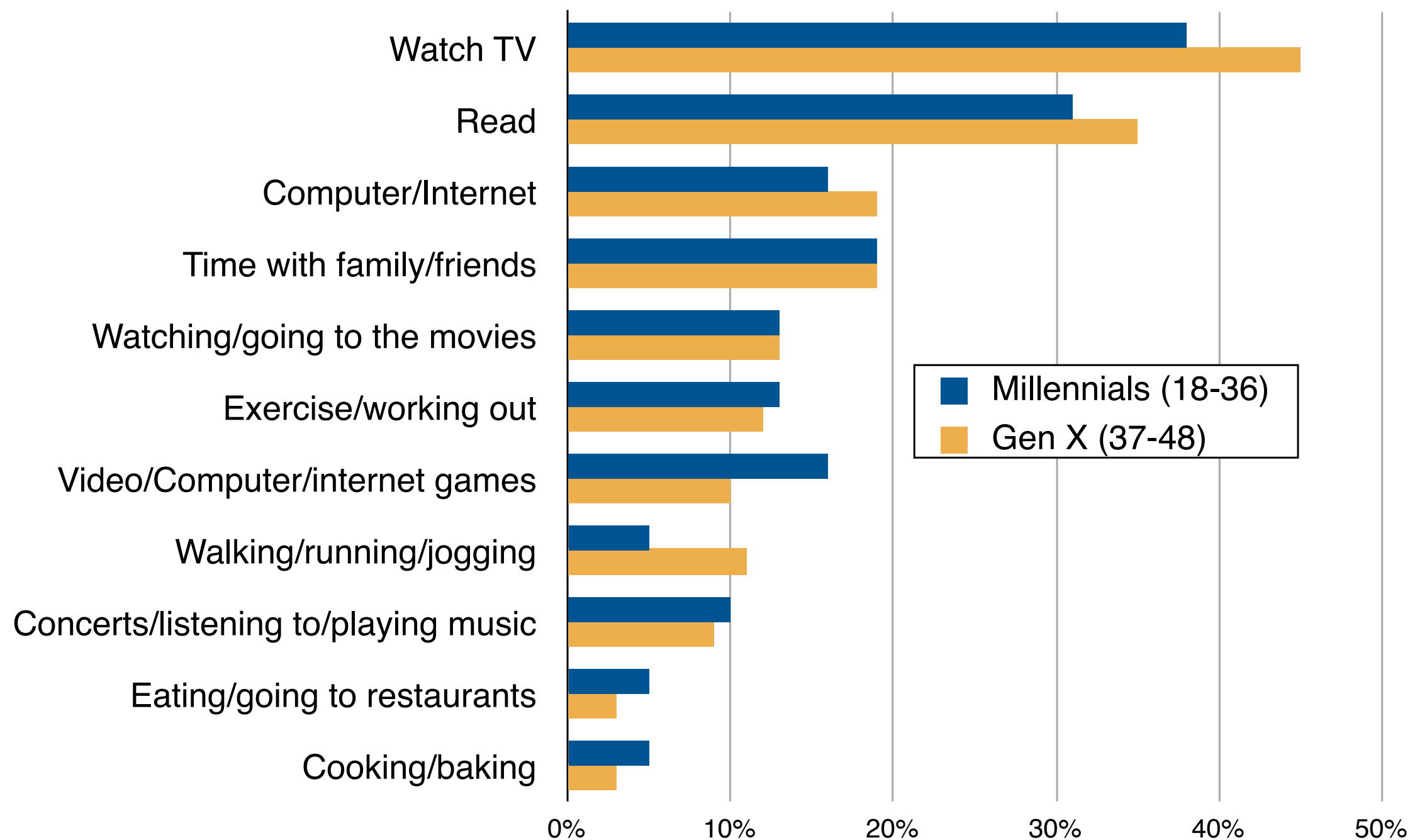
Source: U.S. Department of Labor American Time Use Survey

2013 Average Time Spent in Leisure & Sports Activities by Education



Source: U.S. Department of Labor American Time Use Survey

Favorite Leisure Activities



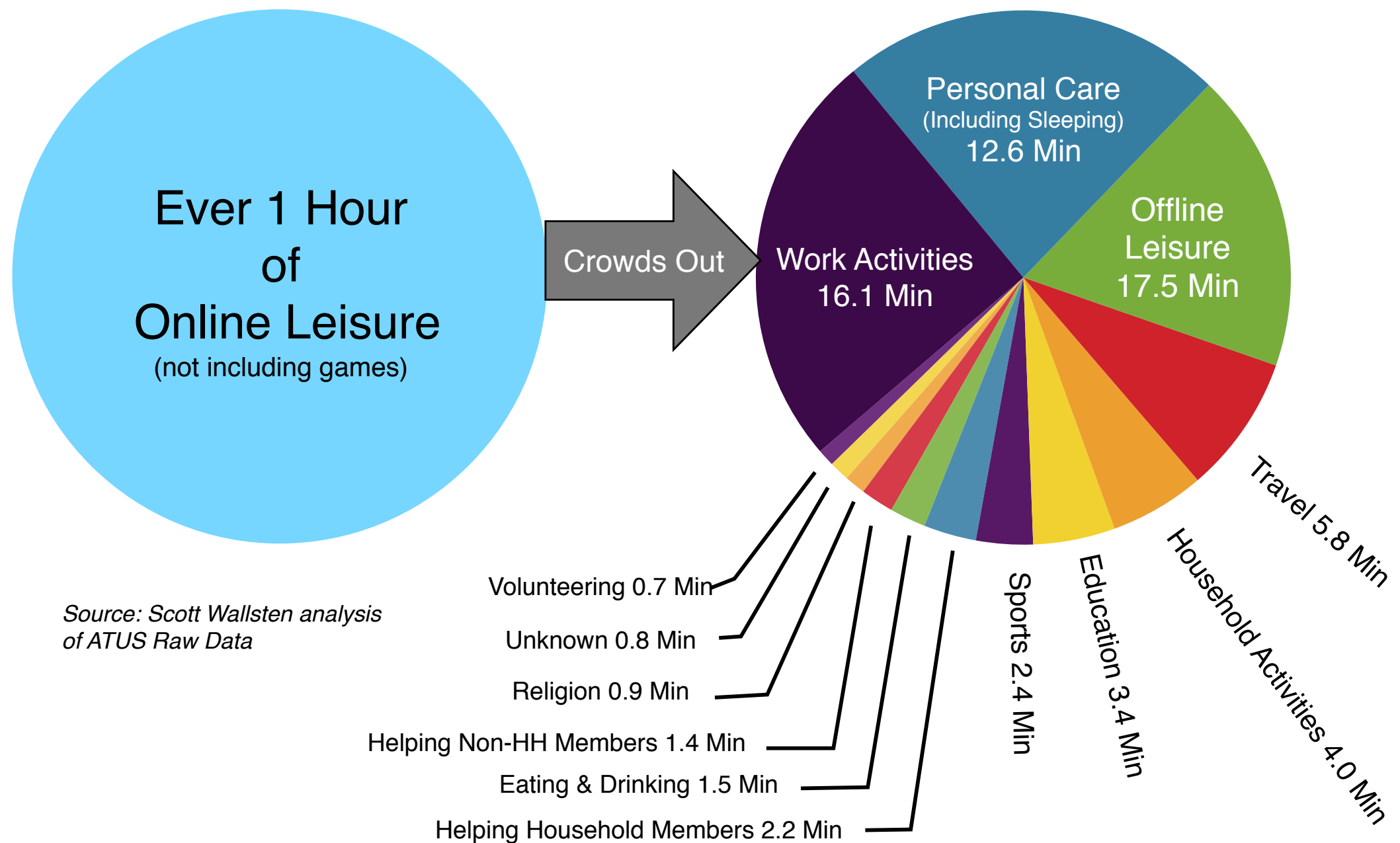
Source: ULI/Lachman Associates Survey, January 2013

Technology consumes our lives

10 hours per day of which 3.6 hours social networking



Every Hour of Online Leisure Crowds Out (Replaces) This Many Minutes of Other Activities

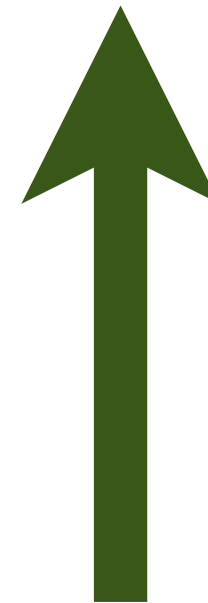


Changes in Types of Leisure Time

Pure Leisure
&
Social Leisure



Fragmented
Leisure



Changes in Quality of Leisure Time

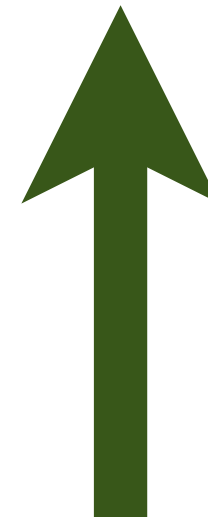
12 or less

Years of School



13 or more

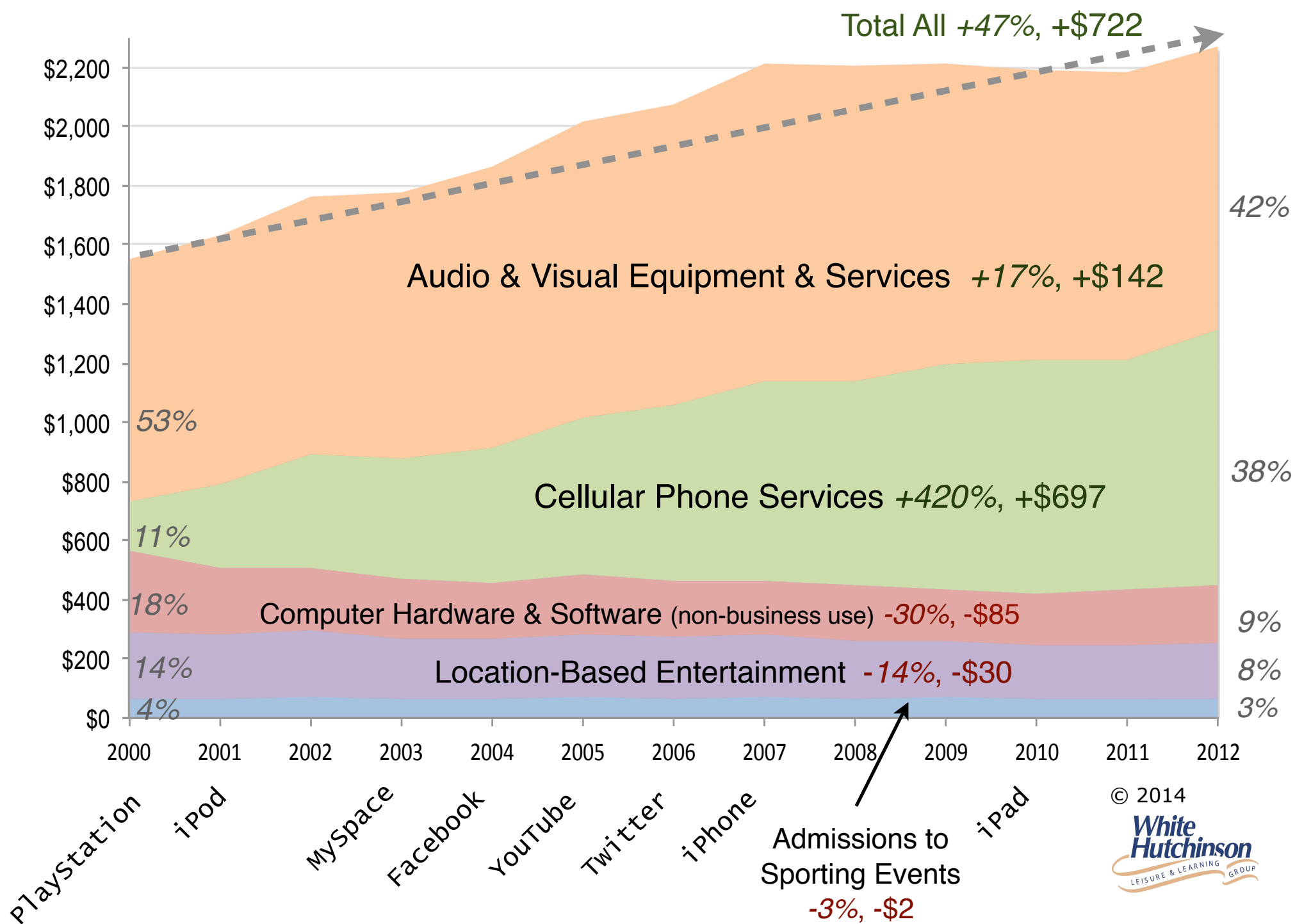
Years of School



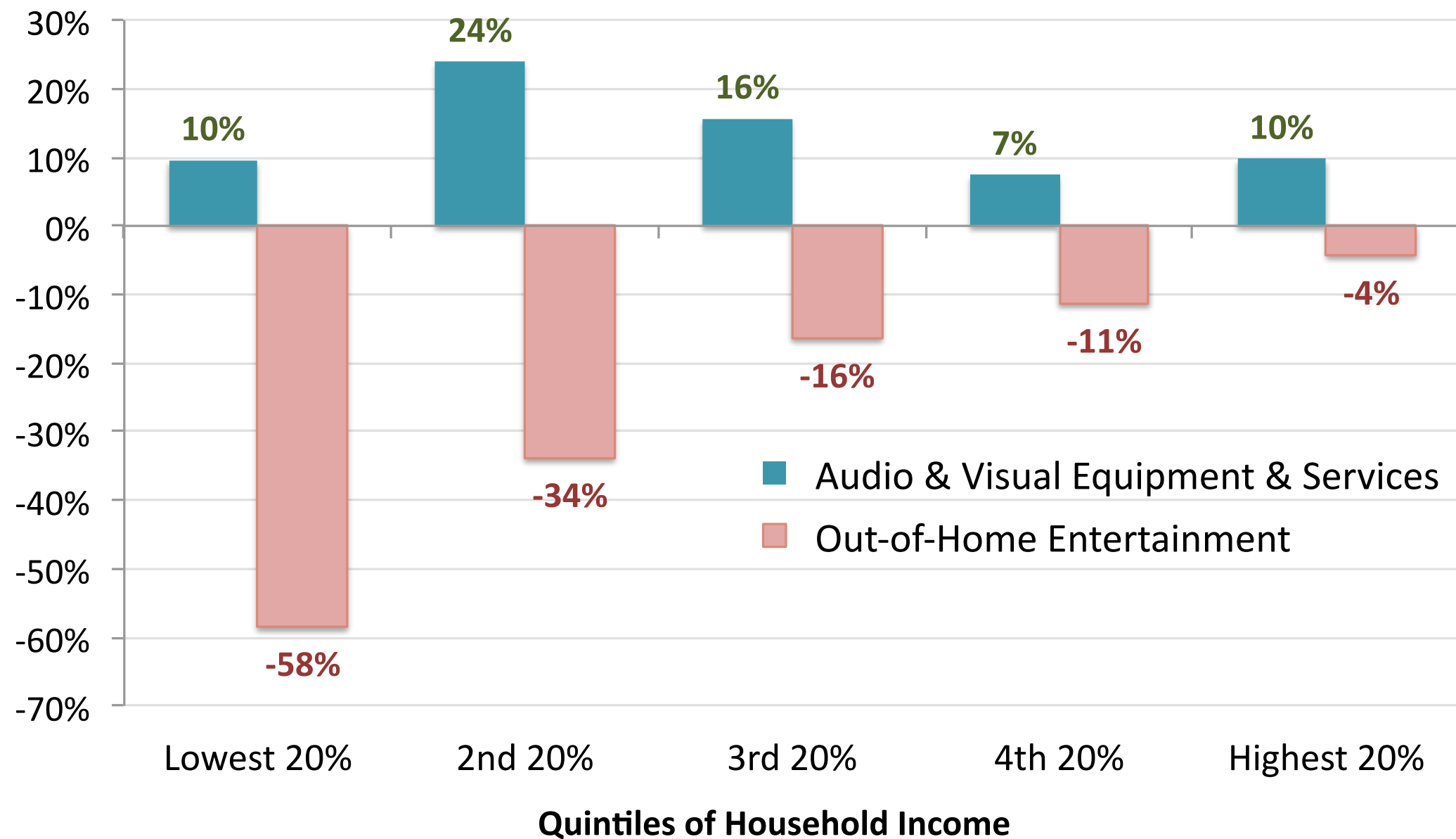


CHANGES TO ENTERTAINMENT SPENDING

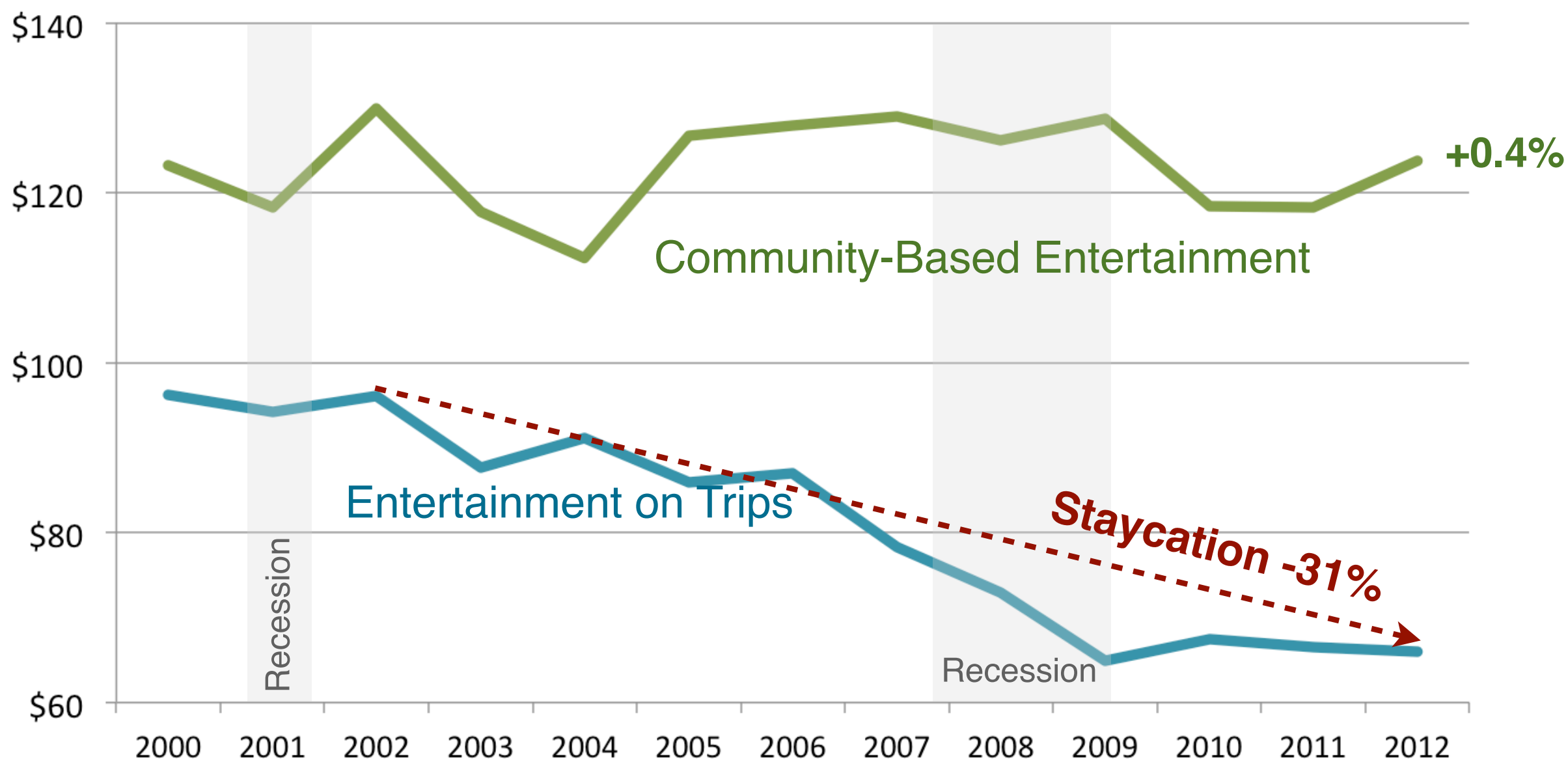
Average Annual Household Expenditures (in 2012 dollars)



2000 - 2012 Change to Average Household Spending by Quintiles of Income (inflation-adjusted)

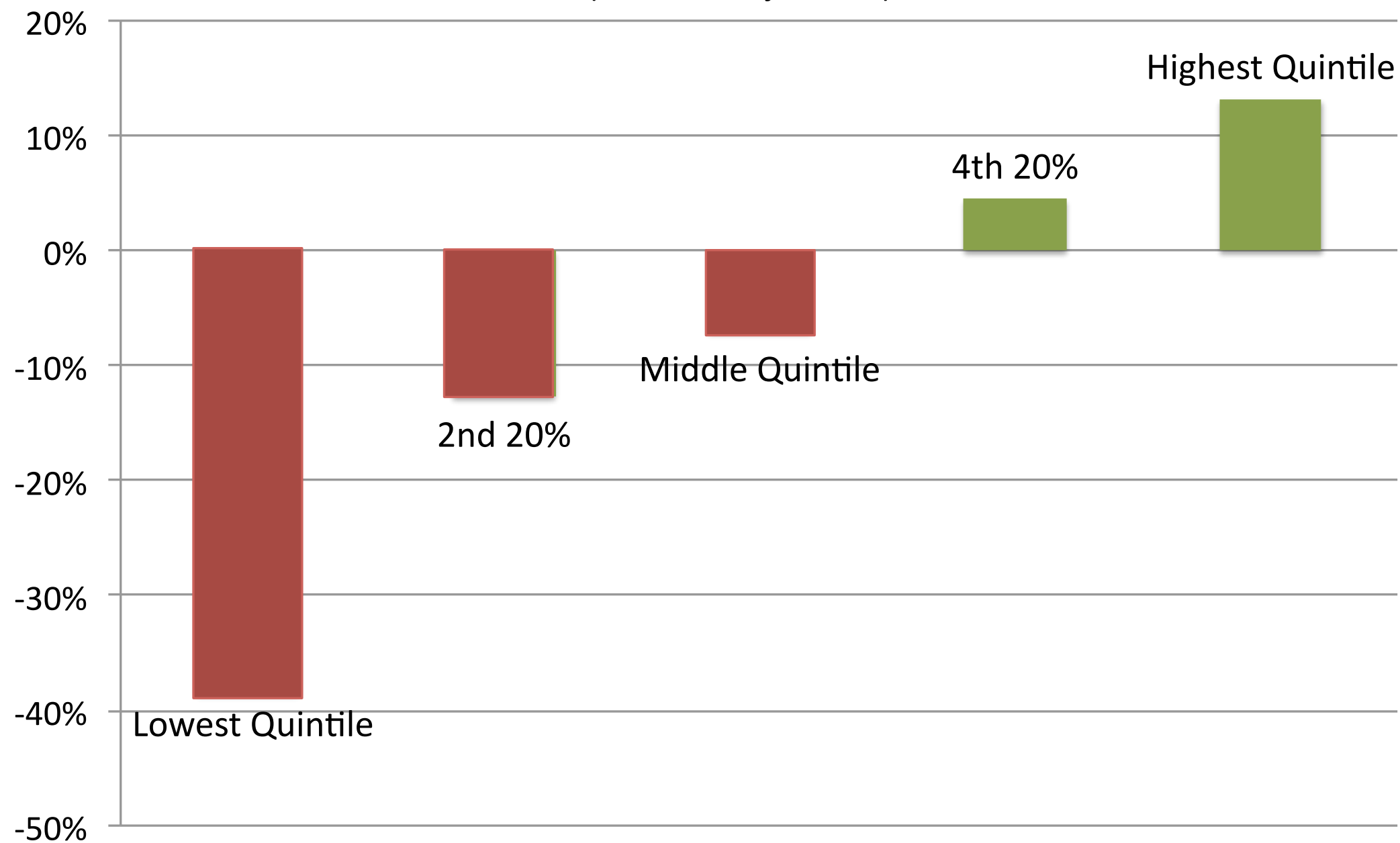


Average Household Spending in 2012 Dollars

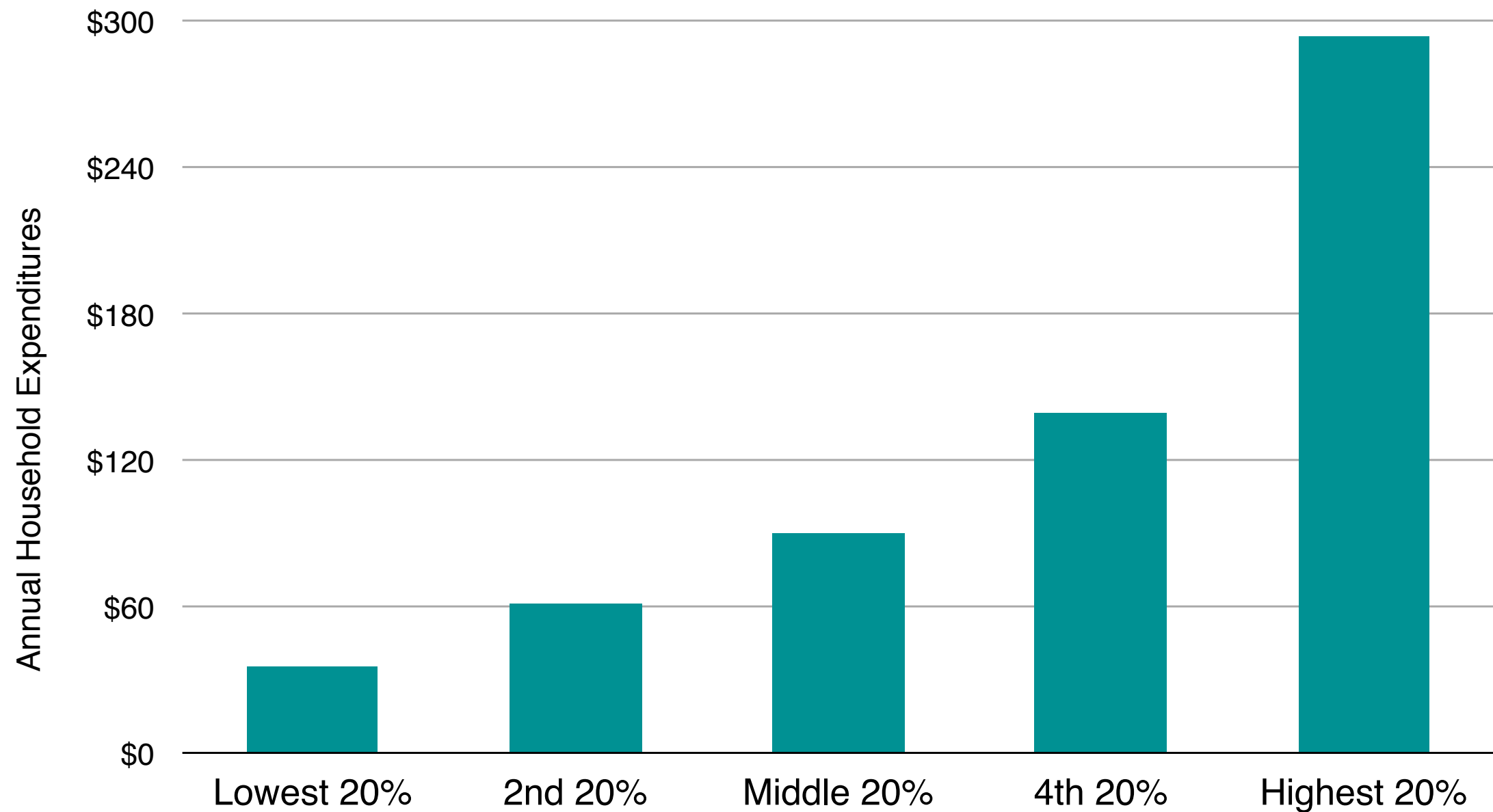


2000-2012 Change to Average Annual Household Community-Based Entertainment Spending by Income Quintiles

(inflation-adjusted \$)

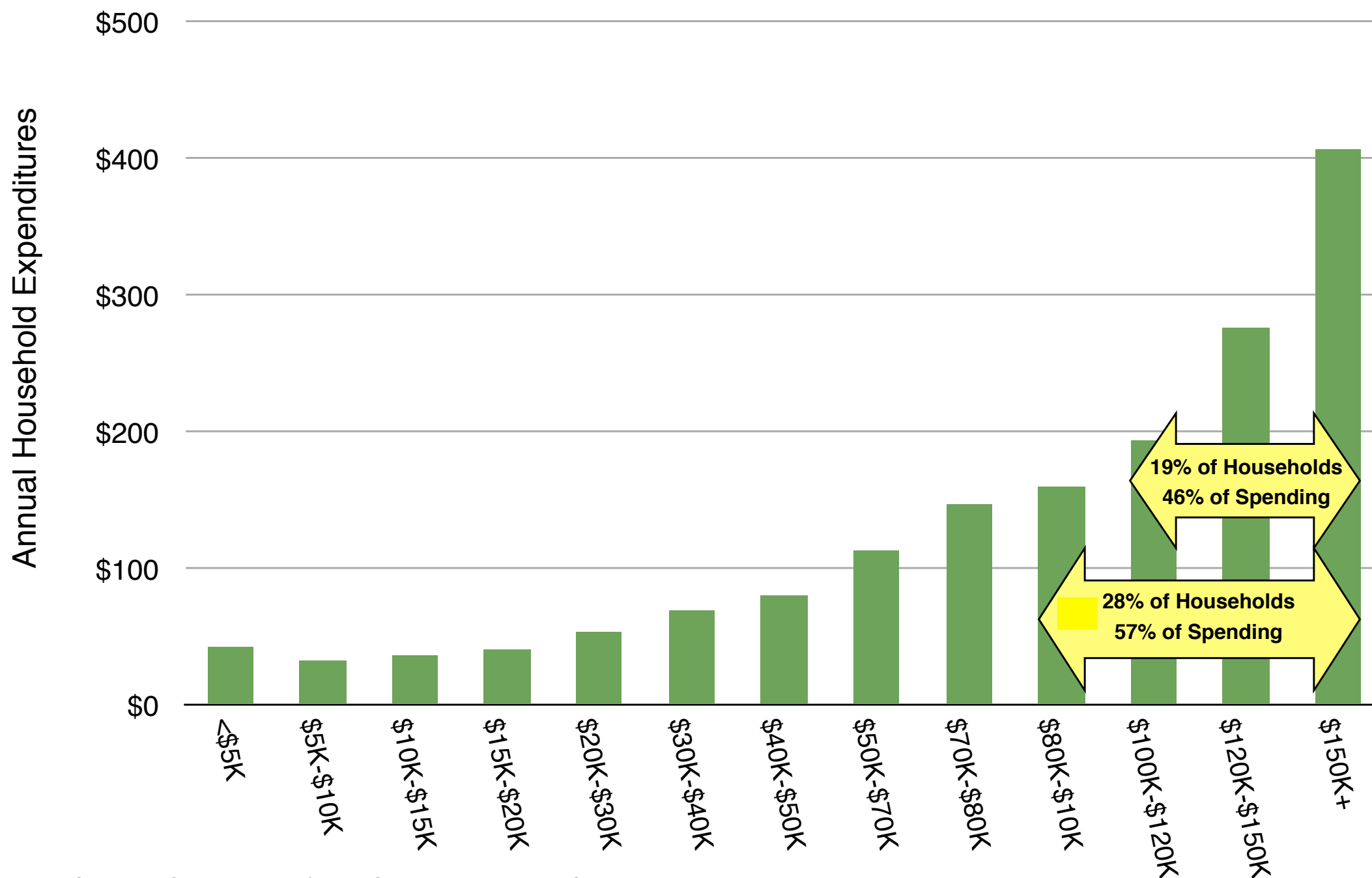


2012 Average Household Annual Community-Based Entertainment Expenditures by Household Income Quintiles



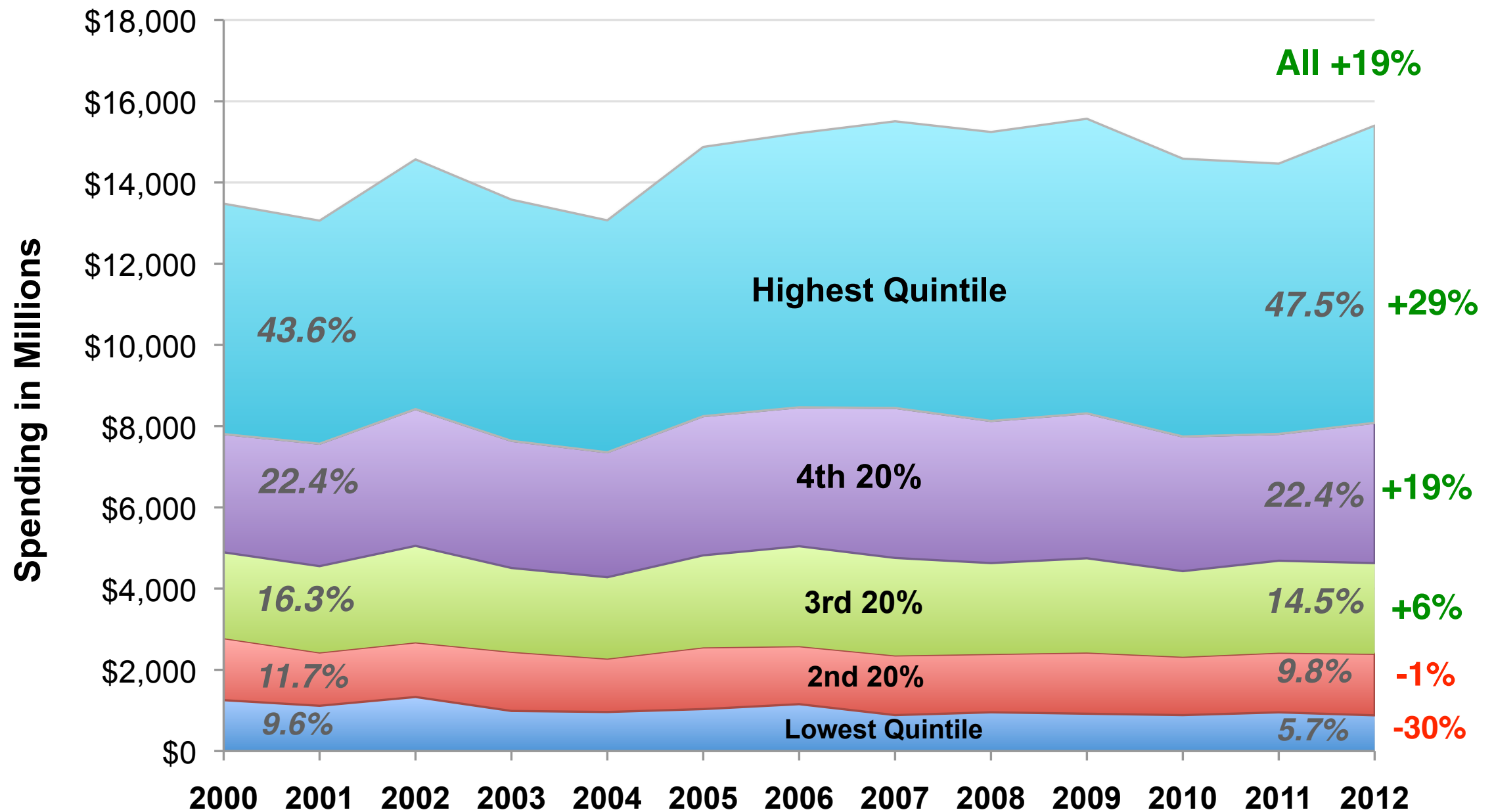
Source: U.S. Department of Labor Consumer Expenditure Survey

2012 Household Annual Community-Based Entertainment Expenditures by Household Income



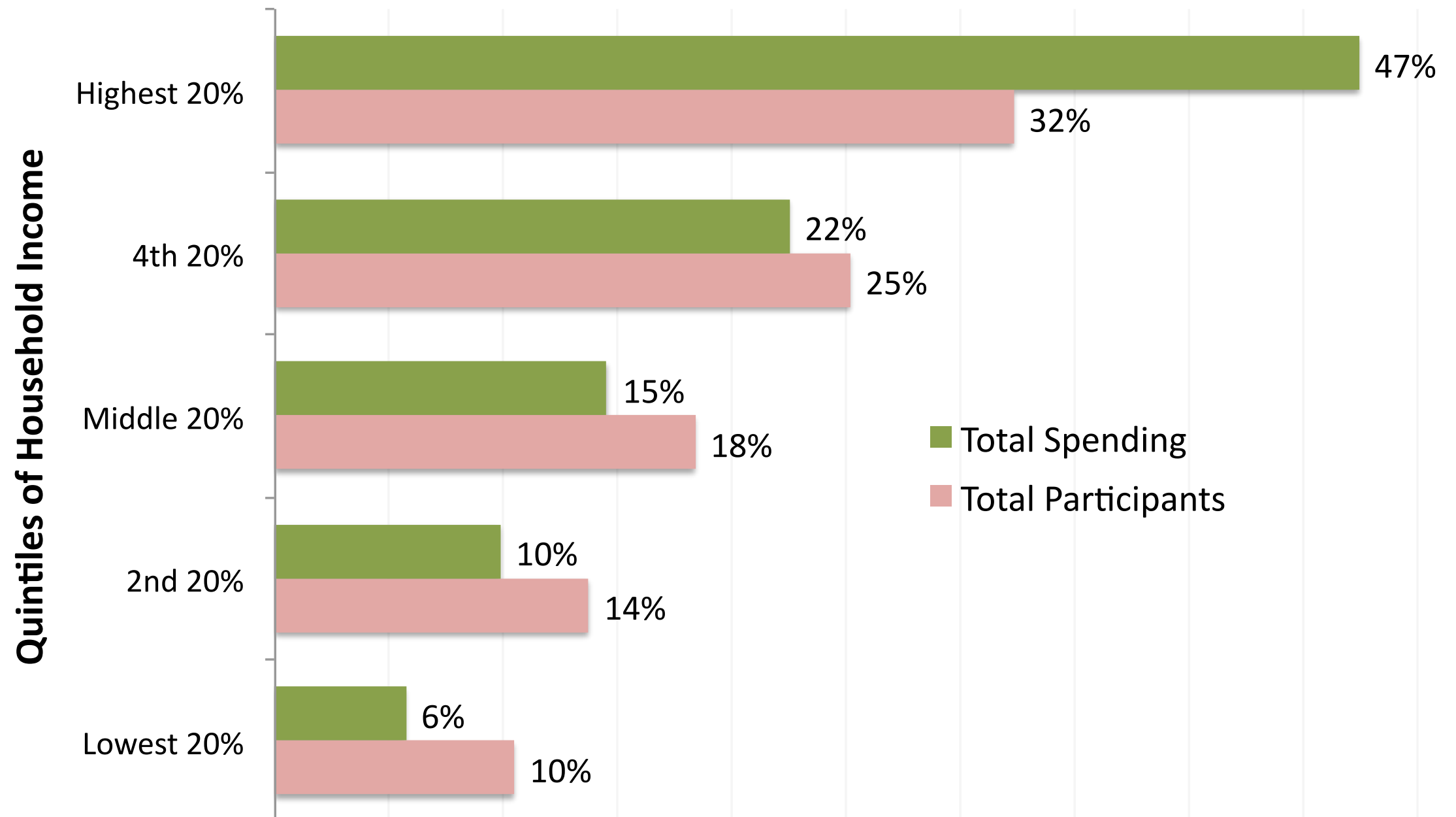
Source: U.S. Department of Labor Consumer Expenditure Survey

Annual Community-Based Entertainment Aggregate Spending by Quintiles of Income in 2012\$

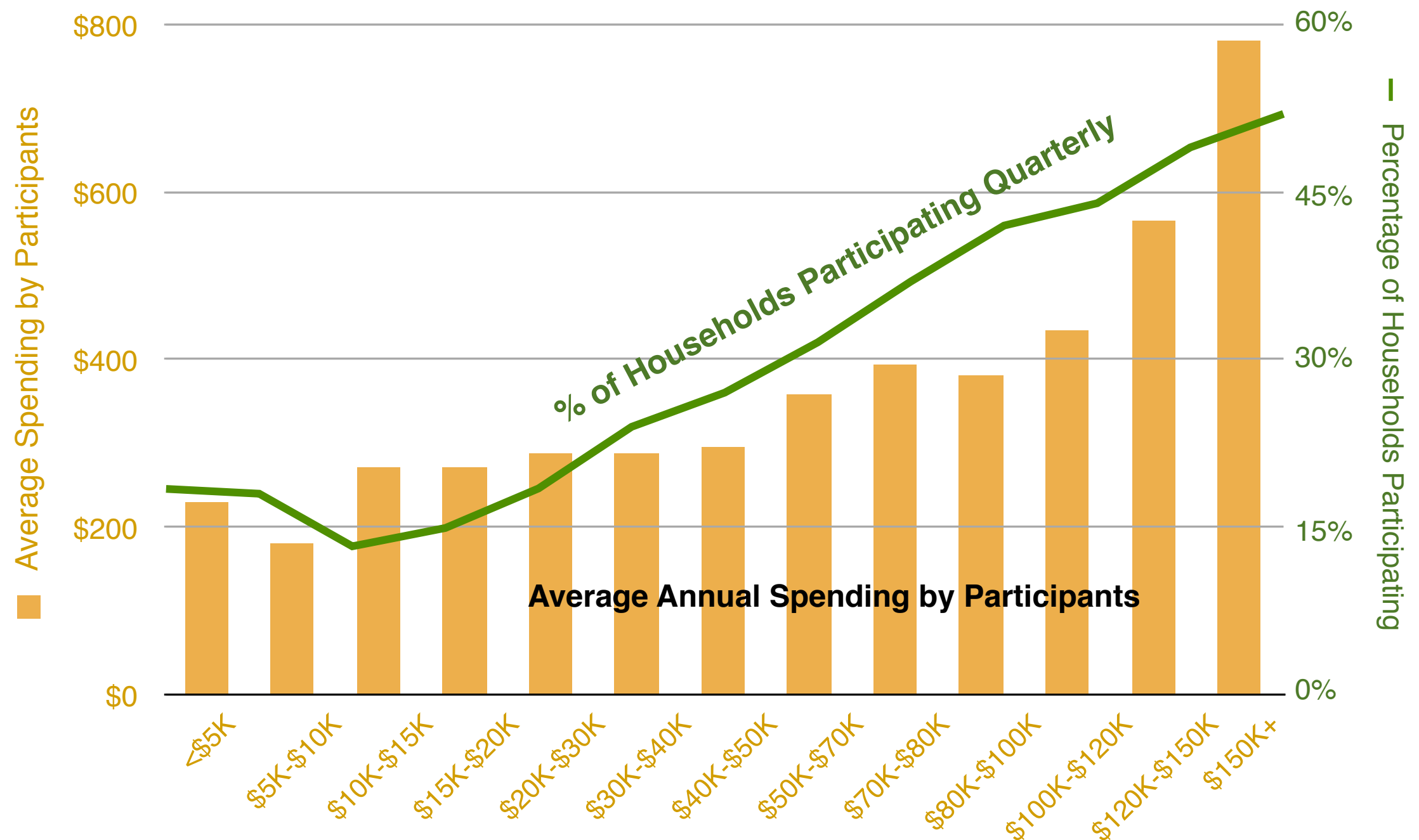


Source: U.S. Department of Labor, Consumer Expenditure Survey

2012 Share of all Participants & Spending for Community-Based Entertainment



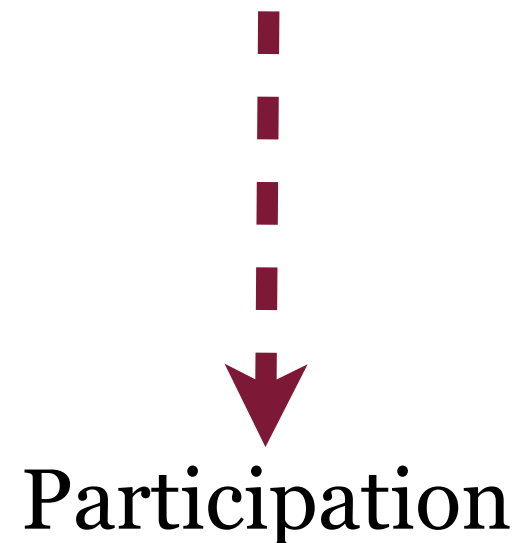
2012 Household Spending on & Participation in Community-Based Entertainment by Household Income



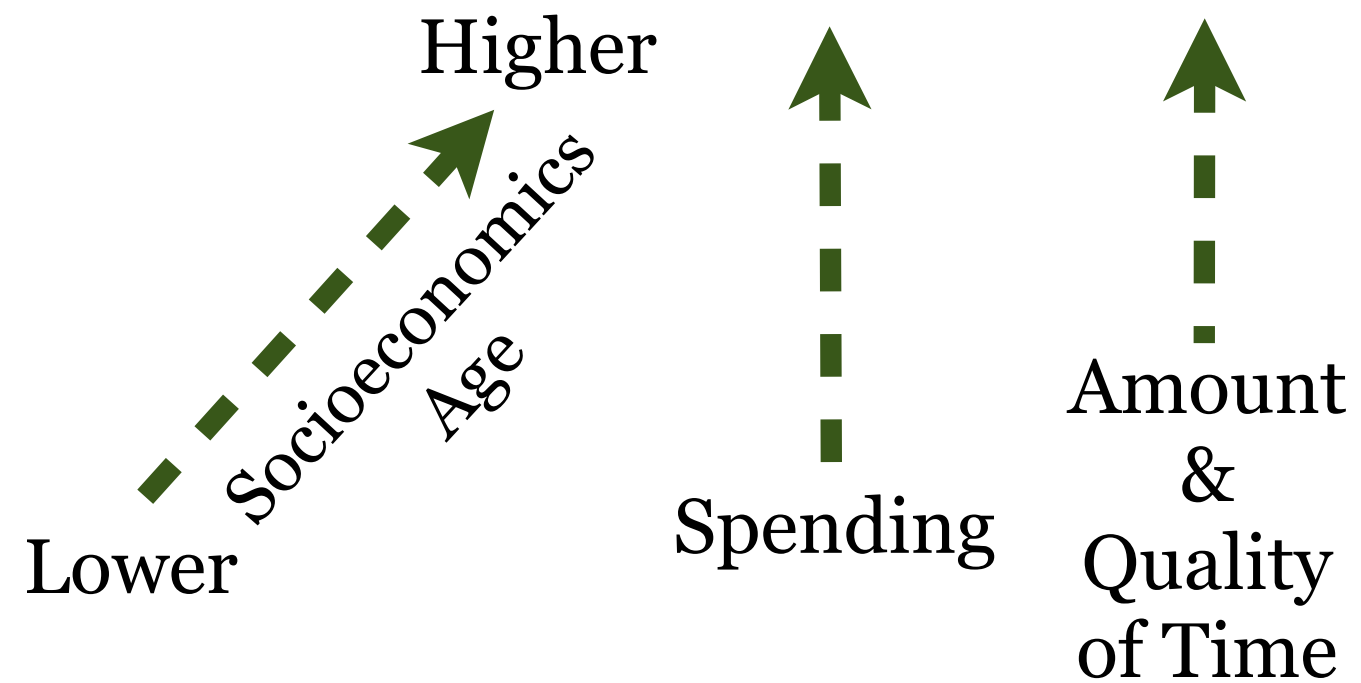
Source: U.S. Department of Labor Consumer Expenditure Survey

Increasing Social Stratification of Location-Based Entertainment

Total Population



Participants



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



OUT-OF-HOME ENTERTAINMENT PIE



FRAMEWORK FOR UNDERSTANDING WHAT IS HAPPENING & HOW TO SUCCEED

Big Issue Today

Creating a compelling, unachievable at-home
or on mobile technology
experience to compete with



Today the location-based
experience needs to be a

**HIGH FIDELITY
EXPERIENCE**

The Fidelity Trade-off



HIGH
FIDELITY



Fidelity
Belly



High
Convenience

Trade Off - The Fidelity Swap

NORDSTROM



amazon.com



Fidelity
Quality of the Experience



Convenience
Ease of Getting & Paying

Trade Off - The Fidelity Swap

MCCORMICK & SCHMICK'S
SEAFOOD RESTAURANT

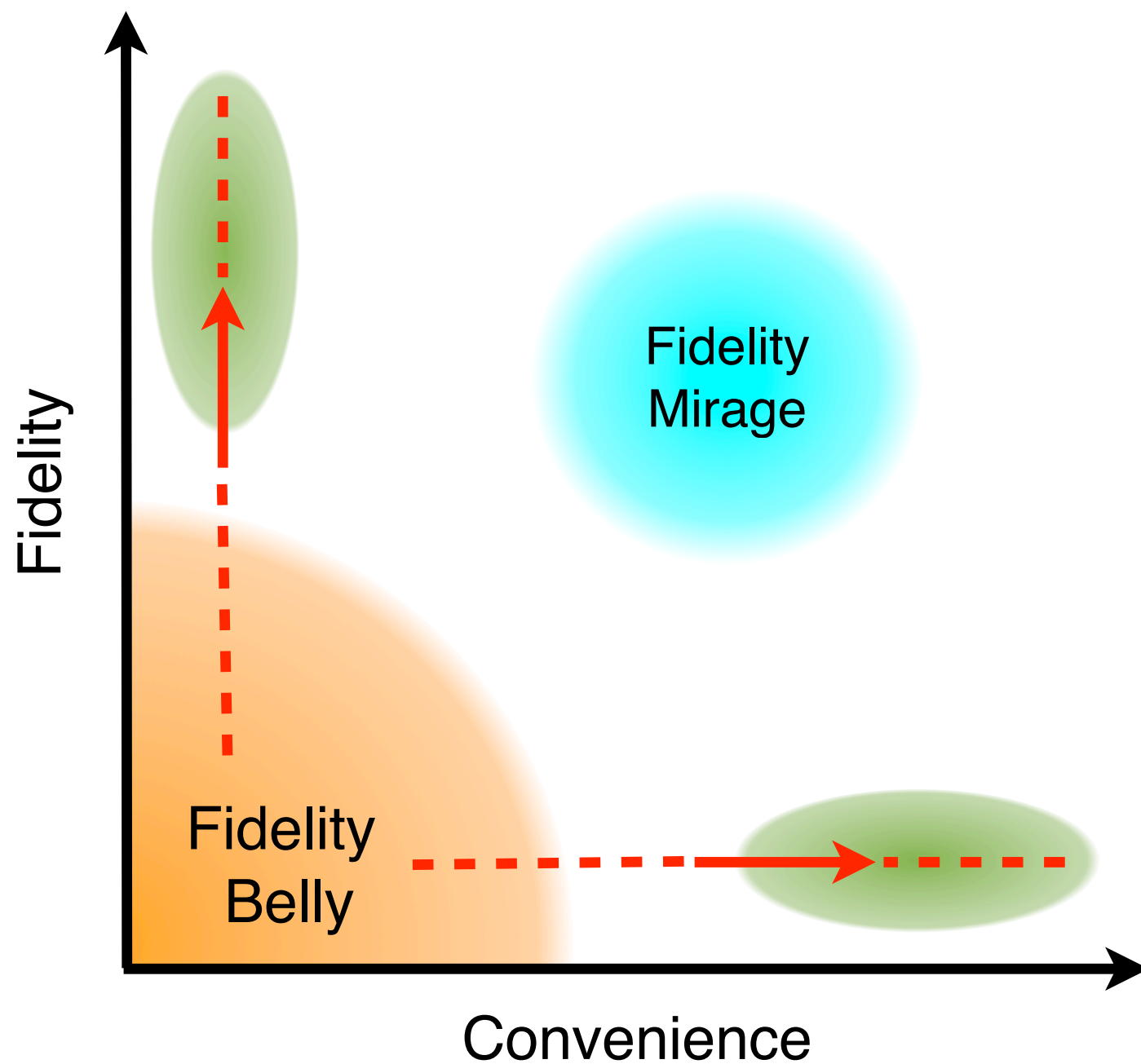


Fidelity
Quality of the Experience

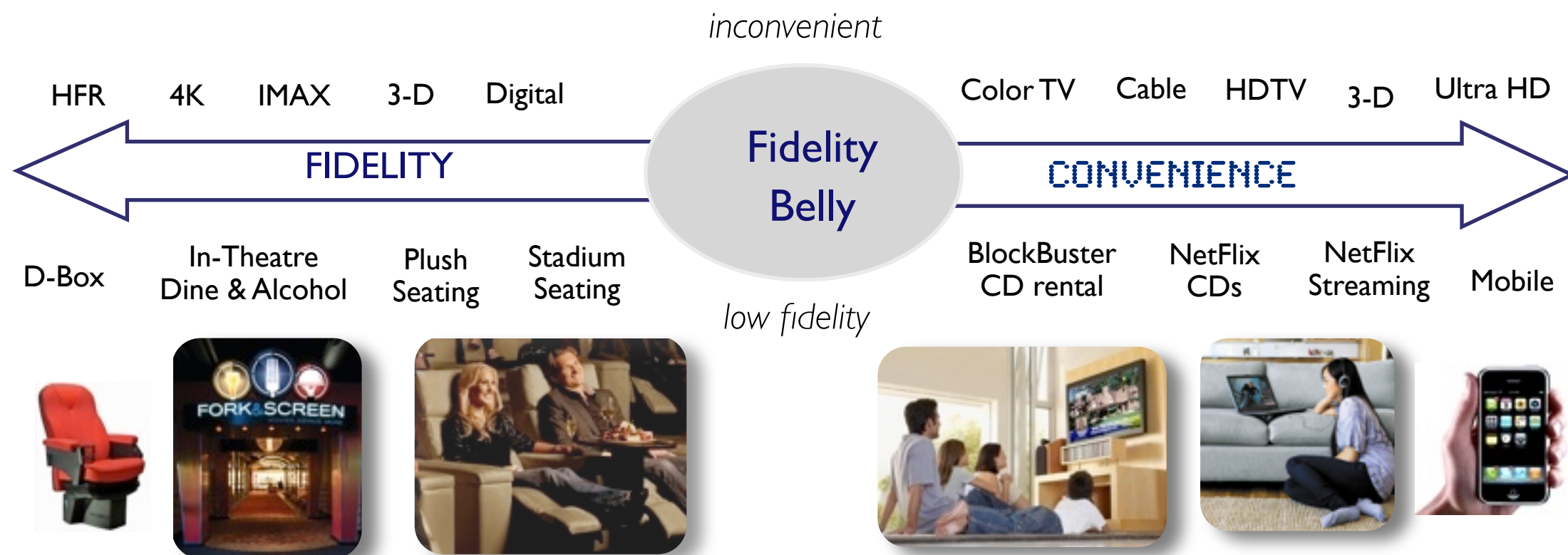


Convenience
Ease of Getting & Paying

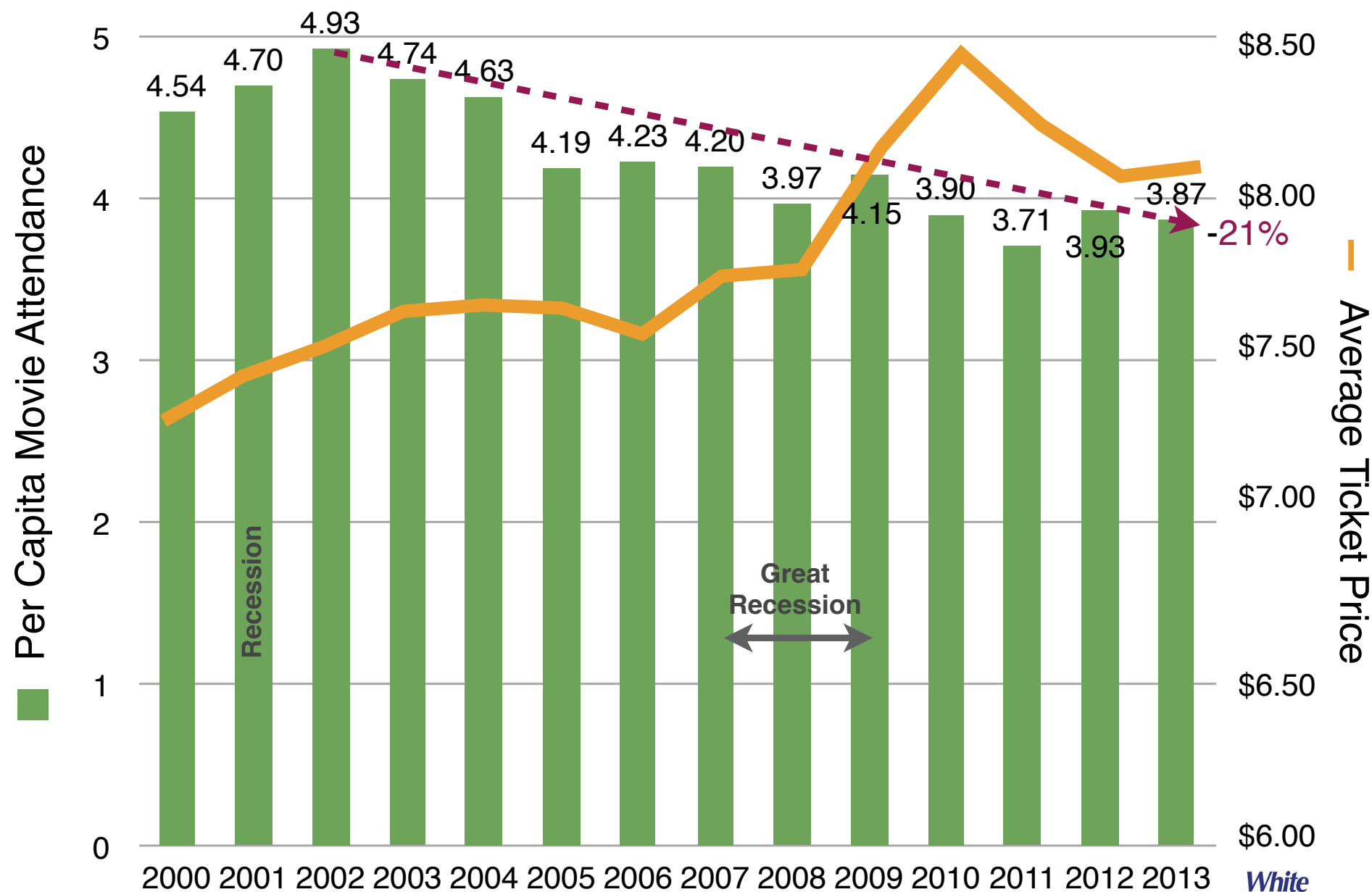
Fidelity & Convenience Improve with Time through Technology Advancements



Increasing Convenience Drives Increasing Fidelity



North America Cinema Per Capita Attendance & Average Ticket Prices (in 2013 Dollars)



Sources: White Hutchinson Leisure & Learning Group, Box Office Mojo, MPAA Theatrical Market Statistics, U.S. Census Bureau & Statistics Canada

Raise the Fidelity of the Experience

amc
THEATRES®

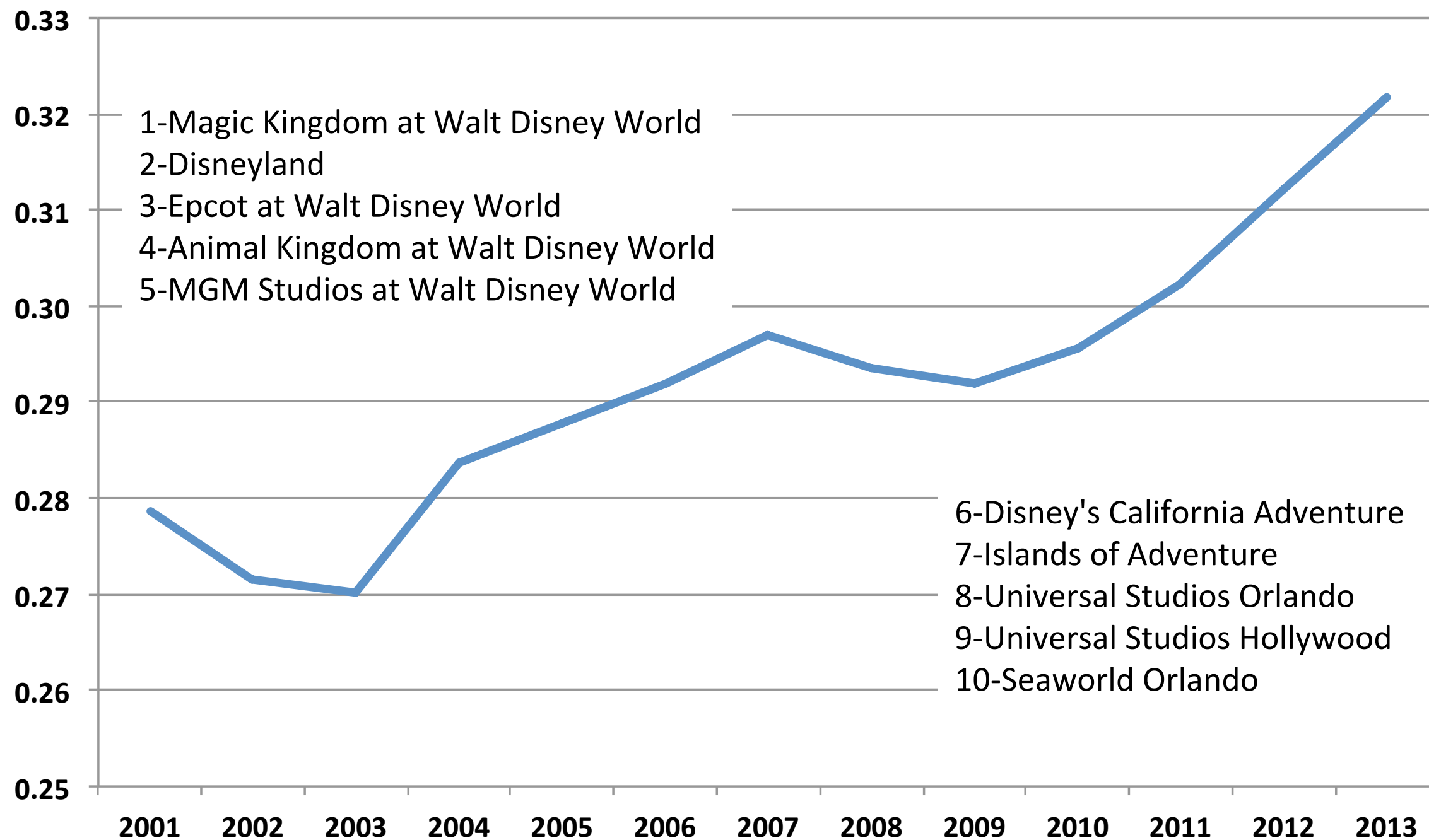


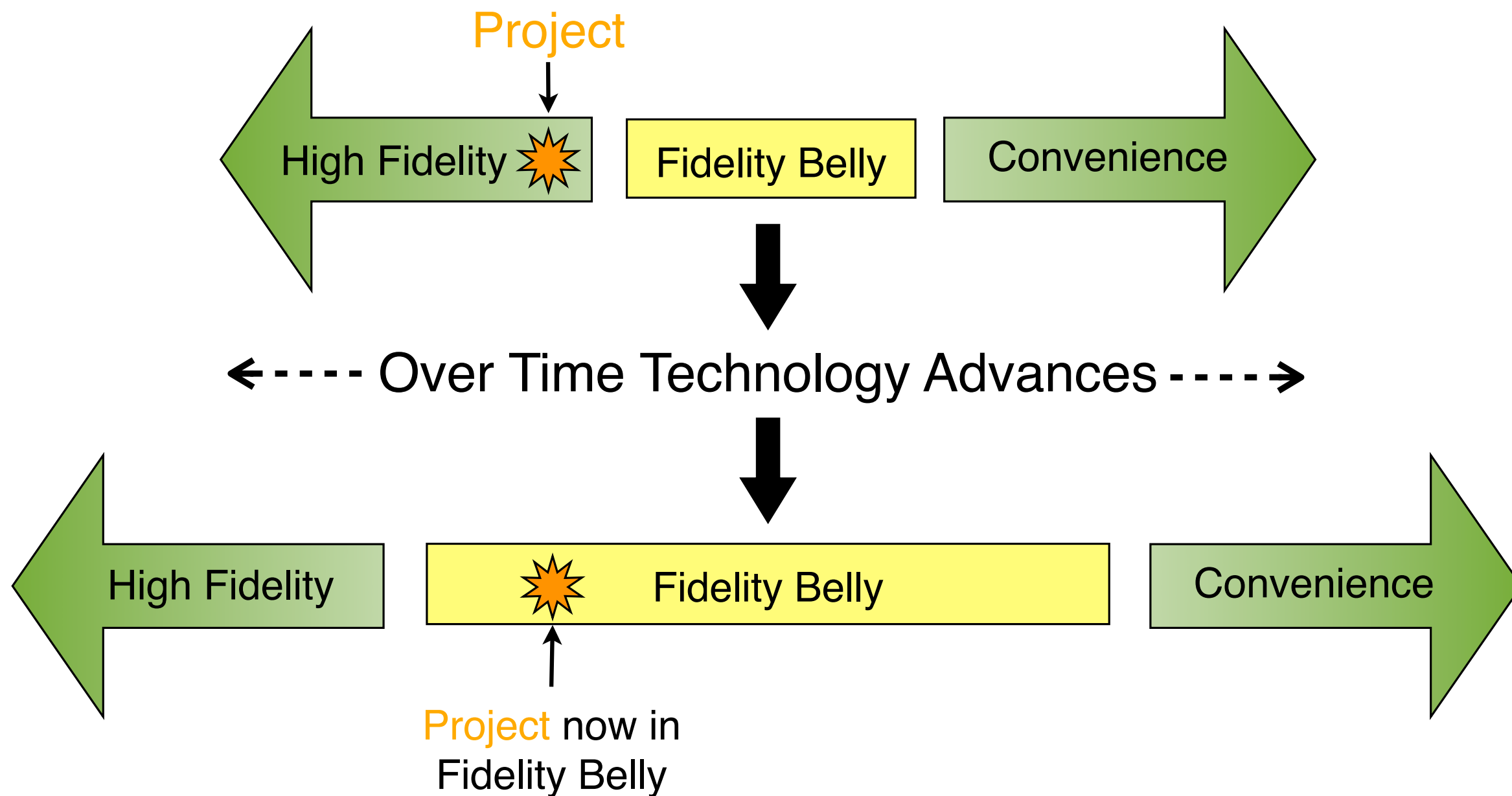
Decreased # seats by 64% = Attendance up 80%



+ \$6.15 per capita F&B

Per Capita Attendance of the Top 10 U.S. Theme Parks





It's a Bifurcated Market

Premium/High Fidelity

Convenient



Premium Price

Low or No Price

HIGH FIDELITY



Wizarding World
of Harry Potter

Fidelity Belly



Convenience



In-Home & Mobile
Digital Entertainment

Today consumers have exceedingly high expectations for LBEs they visit based on the quality of all location-based businesses they frequent, including:

- Restaurants
- Airports
- Retailers
- Hotels
- Stores



- Stadiums
- Theatres
- Resorts
- Theme Parks
- Shopping Centers

THE BAR IS HIGHER THAN EVER & GOING UP EVERY DAY!

The Guest's Experience is Holistic

Quality of Guest Experience

Food & Beverage

Entertainment

Physical
Environment

Service/
Hospitality



The 4-legged stool of LBE
guest satisfaction, attendance & spending



**Fun
Entertainment
Attractions**

**Social Leisure
Experience**

Socializing Online



Meet & Socialize in Person



#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%)

We're biologically hard-wired to socialize



It's Back to the Future with the Communal Campfire



It's NOT about the entertainment.
It's ABOUT
creating HIGH FIDELITY bricks 'n' mortar



*Social experiences
for the higher socioeconomic*

Meaningful Memorable Shareable



Don't plan for the future in a rear view mirror



“The future ain’t what it used to be”

Yogi Berra



*Don't suffer from
paradigm paralysis
by cloning dinosaurs*

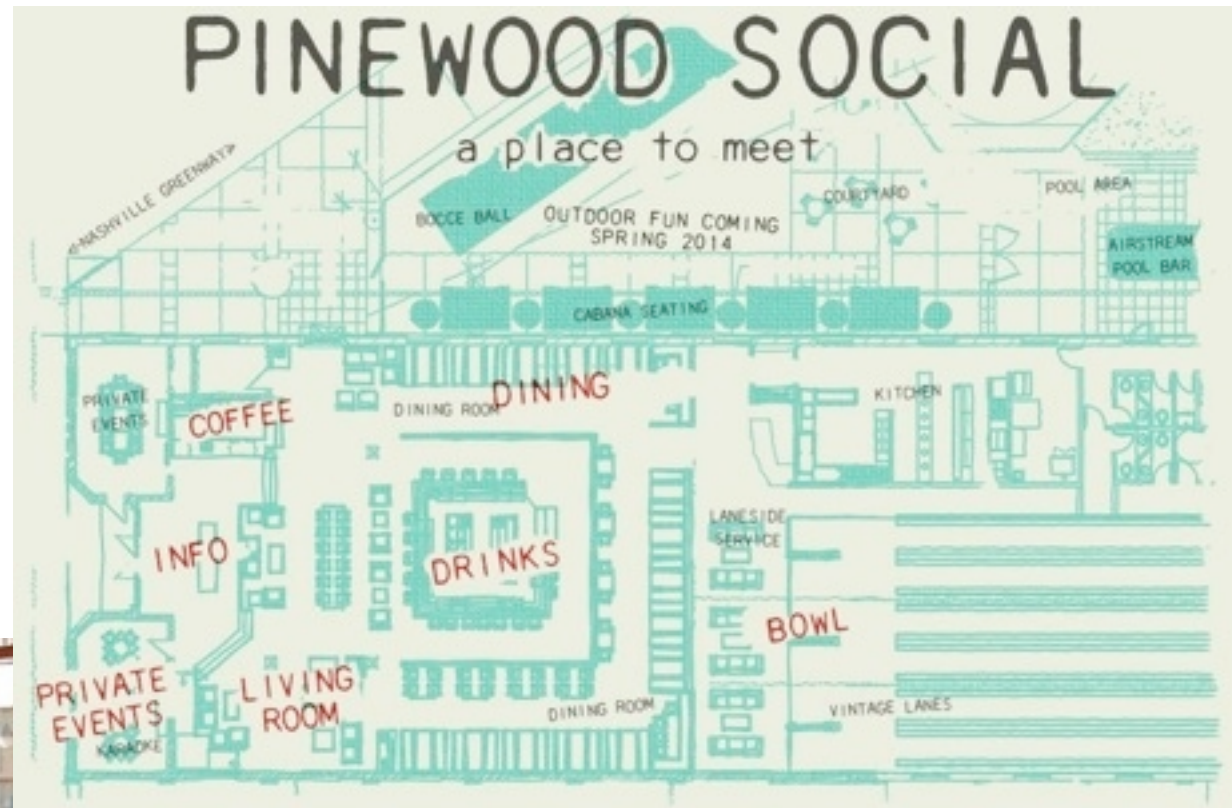




PUNCHBOWL

FOOD | **SOCIAL** | DRINK







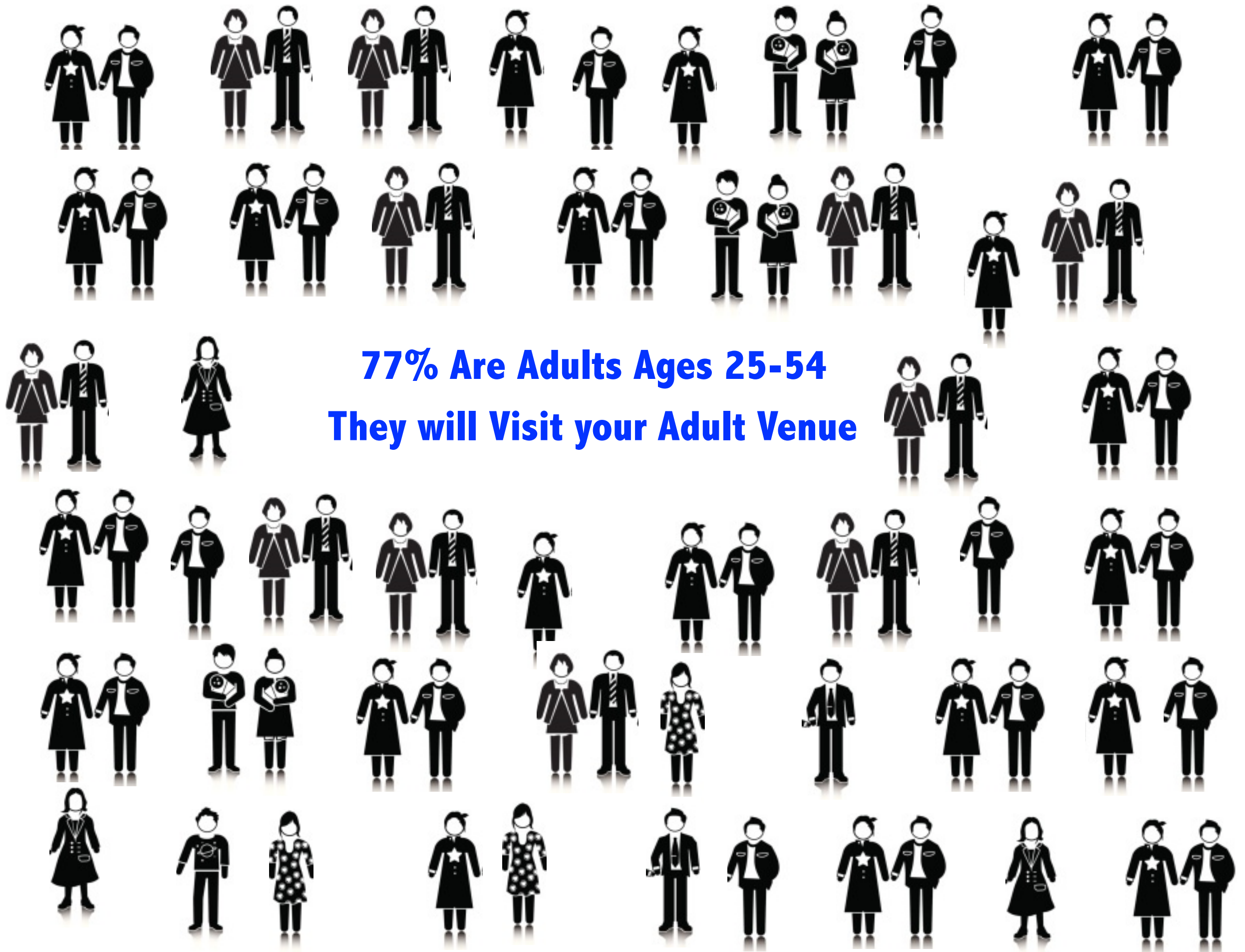


**60% Live in Households with
Children Ages 6-14.
They will Visit your Family Venue**



**of 100 People in Suburban
Households with
\$75,000+ Income...**





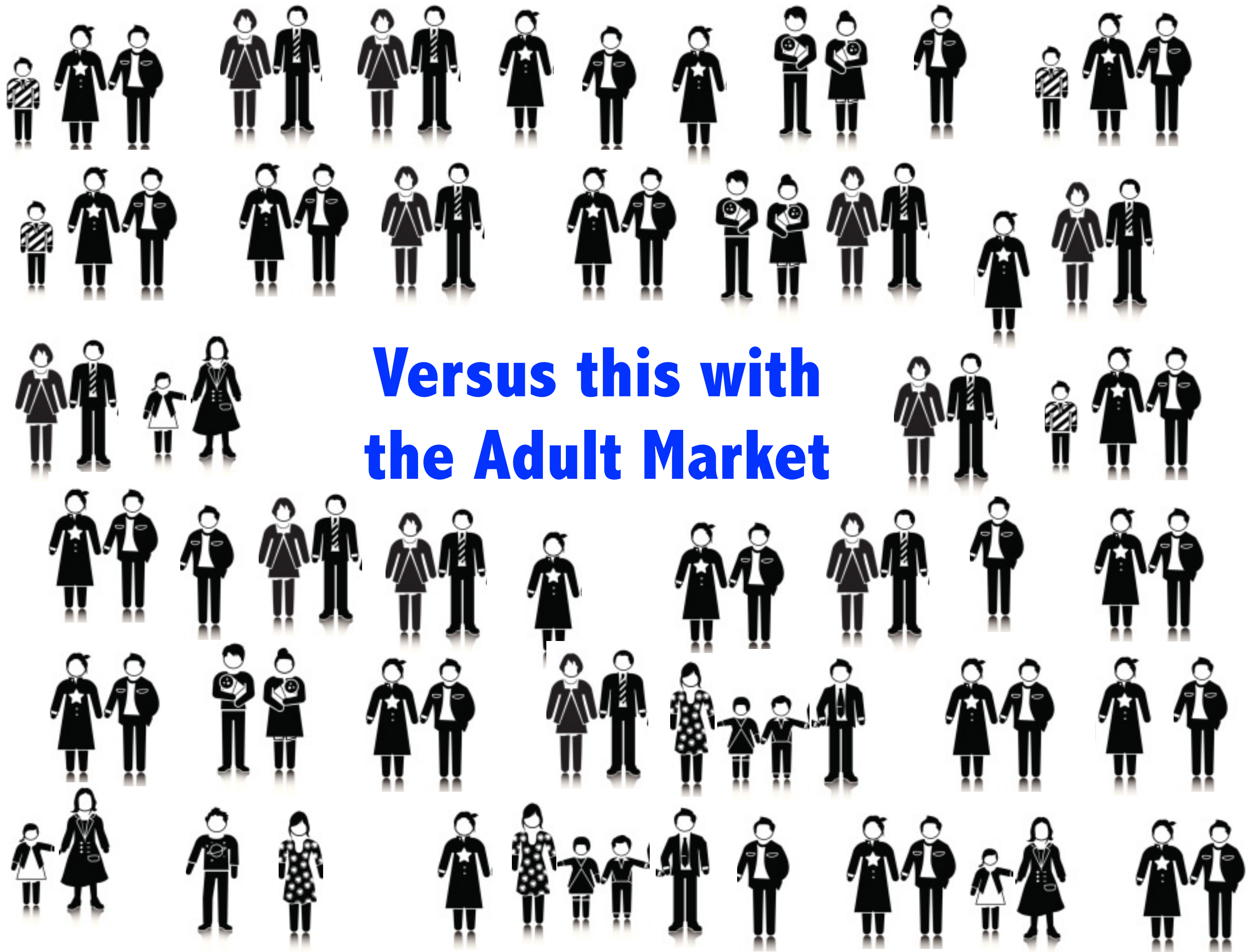
77% Are Adults Ages 25-54
They will Visit your Adult Venue

**When choosing to go after
the family market...**



You Only Get This





If you want to attract families, you need to design for adults.

If you design for adults, you will get the kids and teens anyway.

If you design for adults, you need a **bar**.



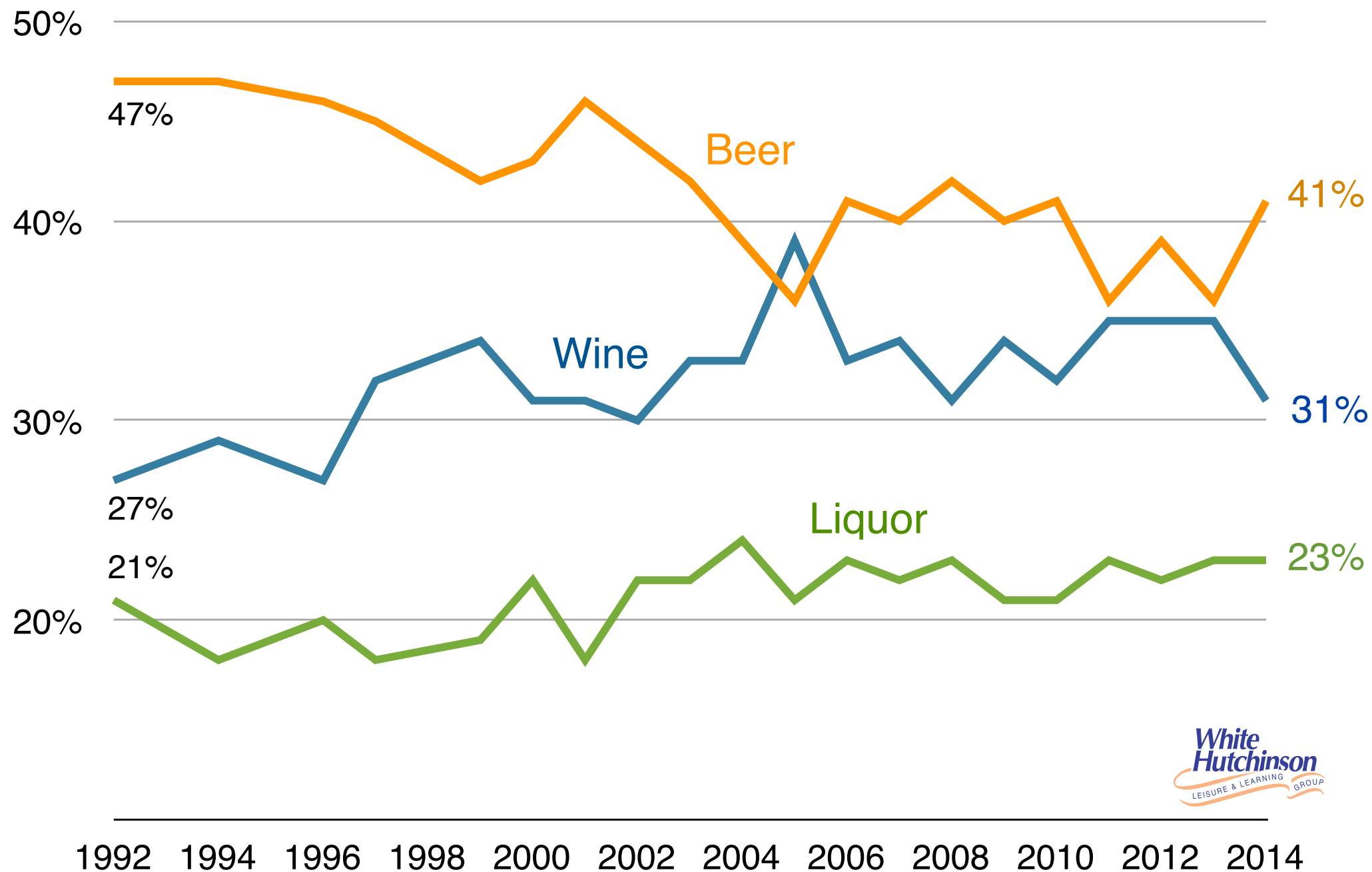
If you have a bar, you will get more adult parties & groups, corporate groups and walk-in adults.

If you have a bar, you will still get families during the daytime & early evening and adults in the later evening and into the night.

If you design for adults and have a bar, you will get far higher sales per square foot & be more profitable than if you only design for families.

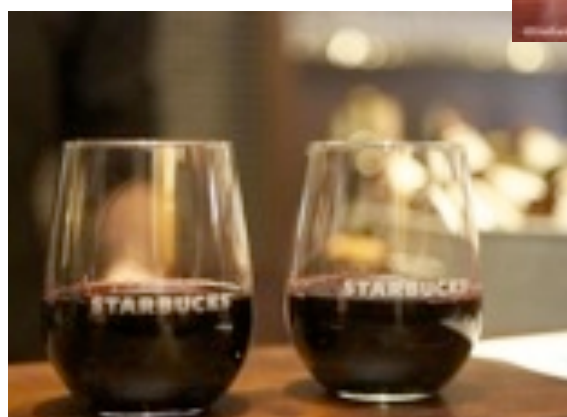
Do you most often drink liquor, wine, or beer?

Asked of those who drink alcohol



Source: Gallup Social Series: Consumption Habits, Preferred Alcoholic Beverage





STARBUCKS *Evenings*

Menu

SMALL PLATES

Blue Brie & Apricot Preserves Plate

Grilled Vegetable Plate with
Lemon Aioli Sauce

Parmesan-Crusted Chicken Skewers with
Honey-Dijon Sauce*

Bacon-Wrapped Dates with Balsamic Glaze

Truffle Mac & Cheese

Chicken Sausage & Mushroom Flatbread

Artichoke & Goat Cheese Flatbread

Truffle Popcorn*

* Contains milk

DESSERTS

Double Chocolate Brownie Bites

Chocolate Truffles

Espresso, Champagne, Raspberry

WINES AVAILABLE BY THE GLASS AND BOTTLE

SPARKLING

Prosecco, Villa Sandi "il Fresco," *Italy*

WHITE

Riesling, Chateau Ste. Michelle,
Columbia Valley

Pinot Gris, Erath, *Oregon*

Chardonnay, Ferrari-Carano,
Sonoma County

SPARKLING ROSÉ

Brachetto, Rosa Regale, *Italy*

RED

Red Blend, Apothic, *California*

Pinot Noir, Lange Estate,
Willamette Valley

Malbec, Alamos, *Argentina*

Syrah, Amavi Cellars, *Walla Walla Valley*

Cabernet Sauvignon, Columbia Crest H3,
Horse Heaven Hills

BEER

Ask your barista about the current beer selection.



How America Eats

SNACKING OUR WAY THROUGH THE DAY

snacks represent 50 percent of all eating occasions

17%
of snacking
occurs in the
early morning

18%
of snacking
occurs in the
mid-morning

28%
of snacking
occurs in the
afternoon

24%
of snacking
occurs
after dinner

13%
of snacking
occurs in the
late night

65% of snacking occurs *after lunch*

hartman
GROUP



Social responsibility (citizen brand)

Preserve the environment

- Conserve natural resources
- Save energy and water
- Recycle
- LEED building standards
- Global warming & climate change

Treatment of workers

- Health insurance
- Living wages
- Family policies

Take-Aways

- ☒ Digital technology is taking away entertainment market share
- ☒ We've lost the middle-class as a target market
- ☒ Upper-middle+ socioeconomic adults are the market to target
- ☒ Offer alcohol
- ☒ Have great contemporary food including small plates
- ☒ The visit experience has to be premium, High Fidelity
- ☒ It's far less about price and much more about value
- ☒ It's far more about offering a rich social experience than about the entertainment
- ☒ Go after corporate and other groups; you can't do that at home or in the virtual world
- ☒ Be socially and environmentally responsible



Contrary to the myth, research shows the frog will jump out of the pot when the water starts to get hot

The End



Thank You



Randy White is CEO of the White Hutchinson Leisure & Learning Group. The 25-year-old company has worked for over 500 clients in 32 countries in North and Latin America, Africa, Asia, Europe and the Middle East. Projects the company has produced have won sixteen 1st place design awards. He personally oversees the work on all the company's entertainment projects and is considered to be one of the world's foremost authorities on feasibility, brand development, design and production of entertainment, agritainment/agri-tourism, eatertainment, edutainment, social-tainment, play, informal learning and leisure facilities.

Randy has been a featured speaker and presenter at over 50 regional, national and international conferences and has authored over 100 articles that have been published in leading entertainment/leisure magazines and journals. He also authors White Hutchinson's *Leisure eNewsletter*, tweets and has a blog.

Randy was featured on the Food Network's *Unwrapped* television show as an eatertainment expert, quoted as a children's entertainment/edutainment center expert in the *Wall Street Journal*, received recognition for family-friendly designs by *Pizza Today* magazine and is cited for the experiences his company creates in the book *The Experience Economy*.

www.whitehutchinson.com
randy@whitehutchinson.com
+01.816.931-1040, ext 100



<http://www.whitehutchinson.com/blog/>



Randy White, CEO

randy@whitehutchinson.com

816.931-1040, ext 100 (Central Time Zone)



<http://www.whitehutchinson.com/news/lenews/previous.shtml>

<https://twitter.com/whitehutchinson>