

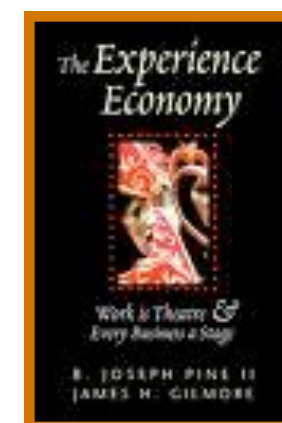
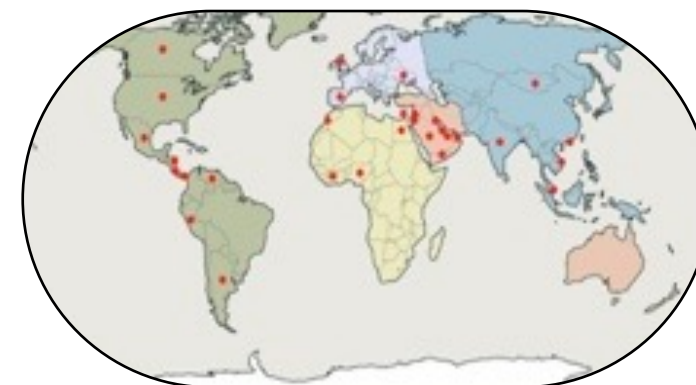
Raising the Fidelity of the guest experience

July 27, 2016

Randy White, CEO



- 40-years' experience performing feasibility studies
- Served 500+ clients in 33 different countries
- Projects have won 16 first-place awards
- Expertise and projects featured in *Time* magazine, *The Wall Street Journal*, *USA Today*, *New York Times*, on the *Food Network* and in many national and industry publications
- Website has over 2,000 pages of information



Feasibility, design, production & consulting for:

- Family entertainment centers
- Hybrid bowling centers
- Laser Tag
- Adult-oriented eatertainment centers
- Children's edutainment (play & discovery) centers
- Adventure & discovery play gardens (playgrounds)
- Mixed-use entertainment, retail & dining projects
- Agritainment/agri-tourism projects

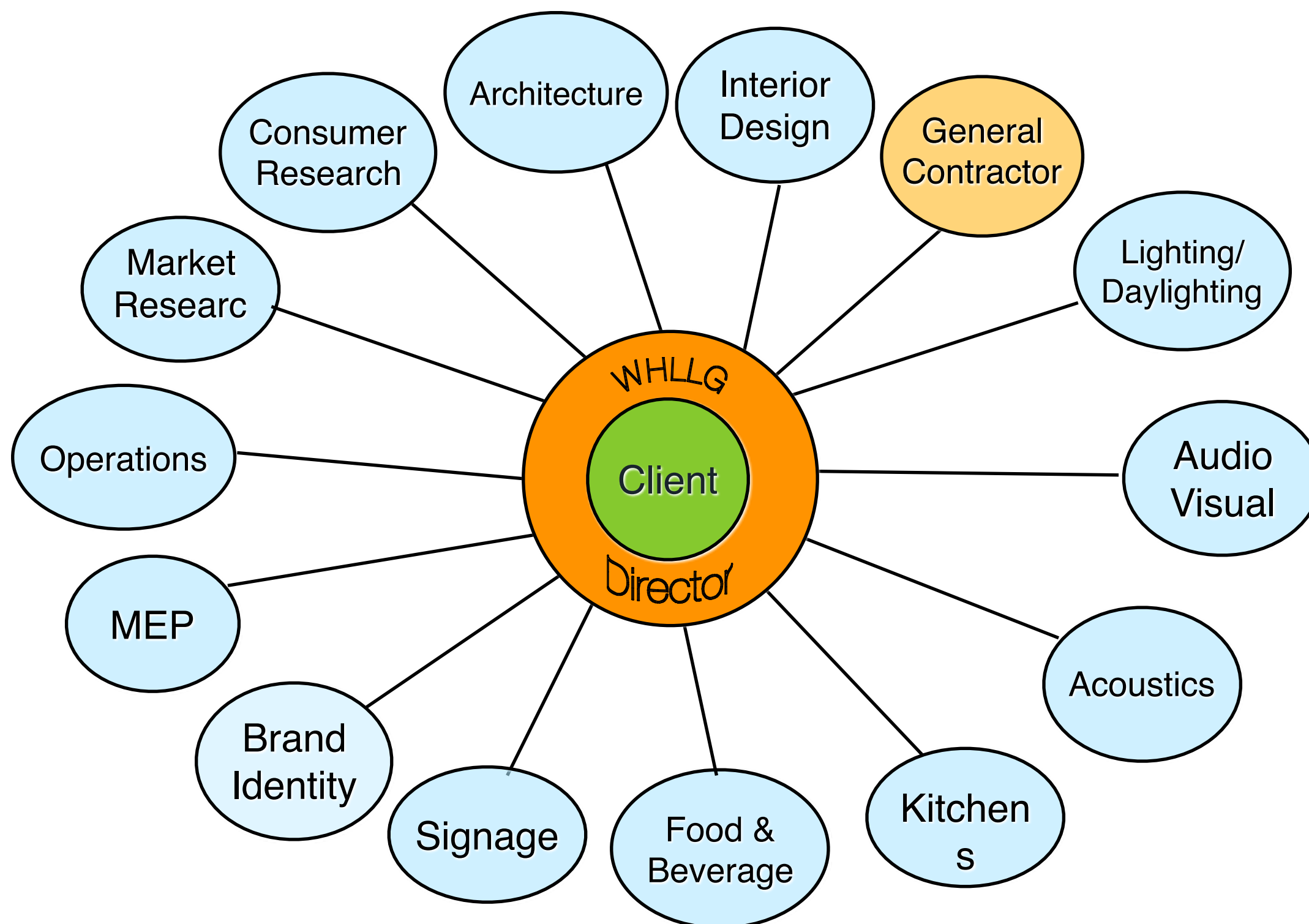


Feasibility, design, production & consulting services (A to Z):

- 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

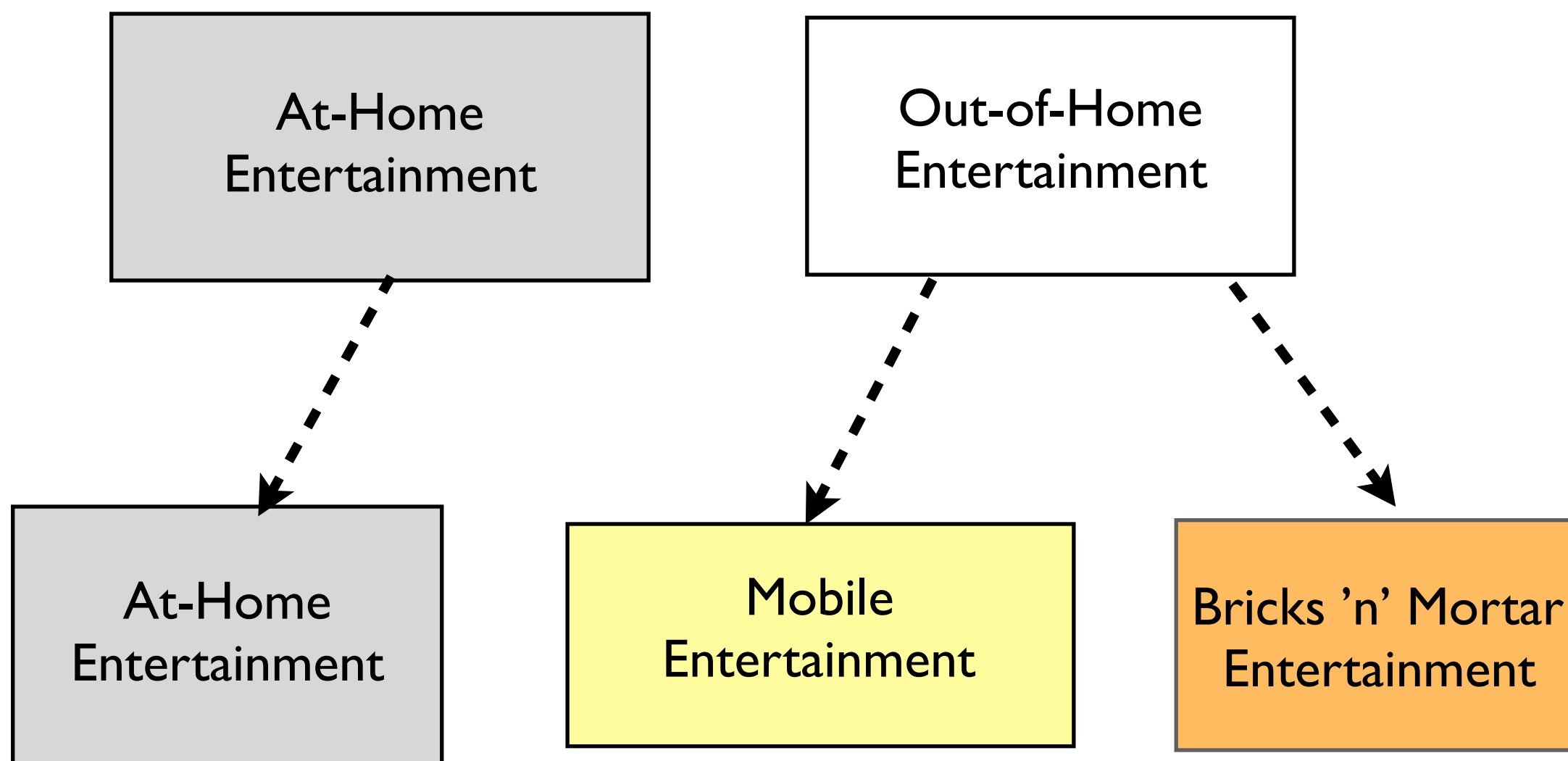


Integrated Approach to Business Development



We live in an age of
disrupt

Digitalization of entertainment



Triple Digital Revolution

1993



World Wide Web

2002



Social Media

2007



Smartphone



1990s



2010s



2005

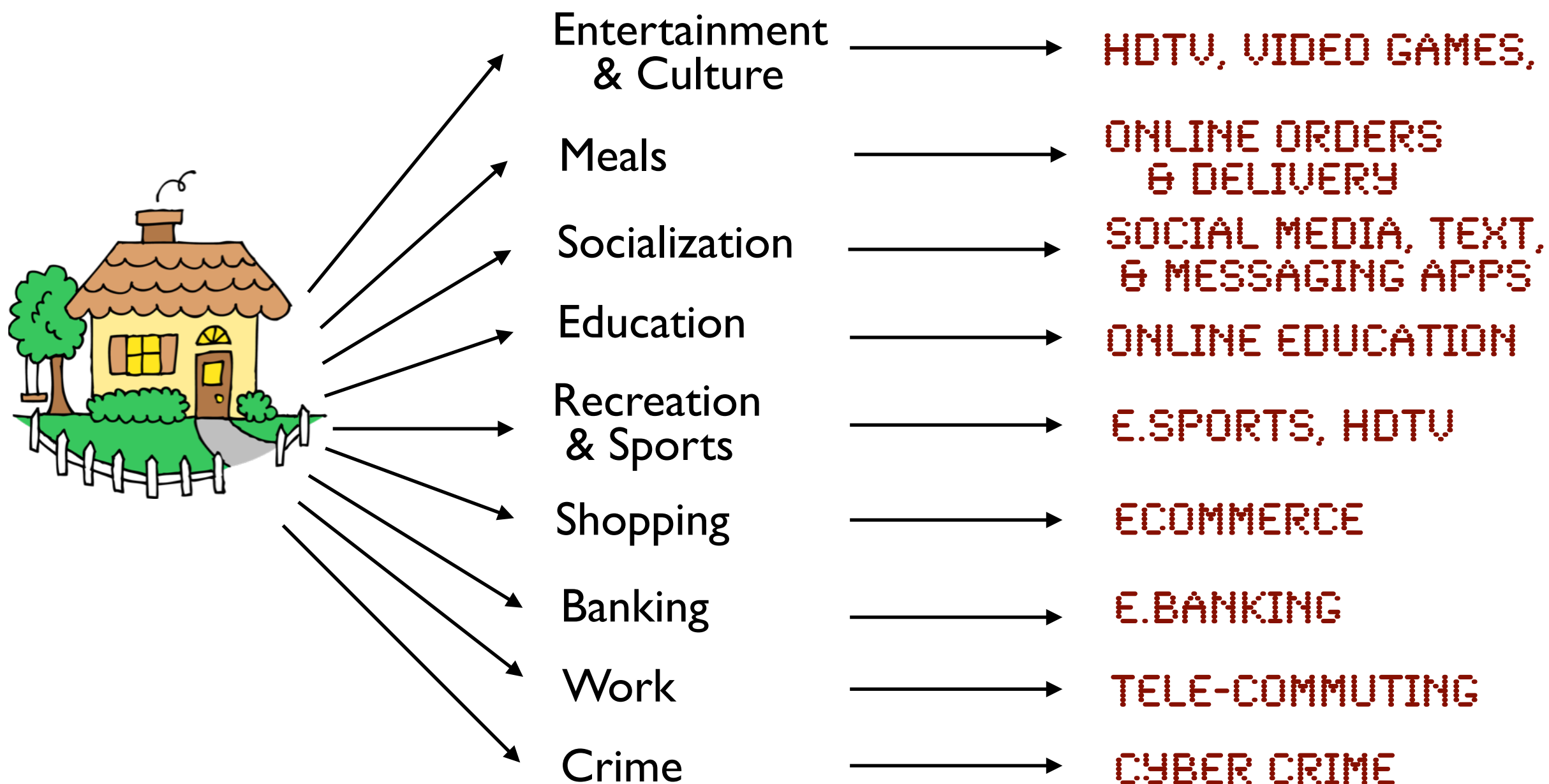


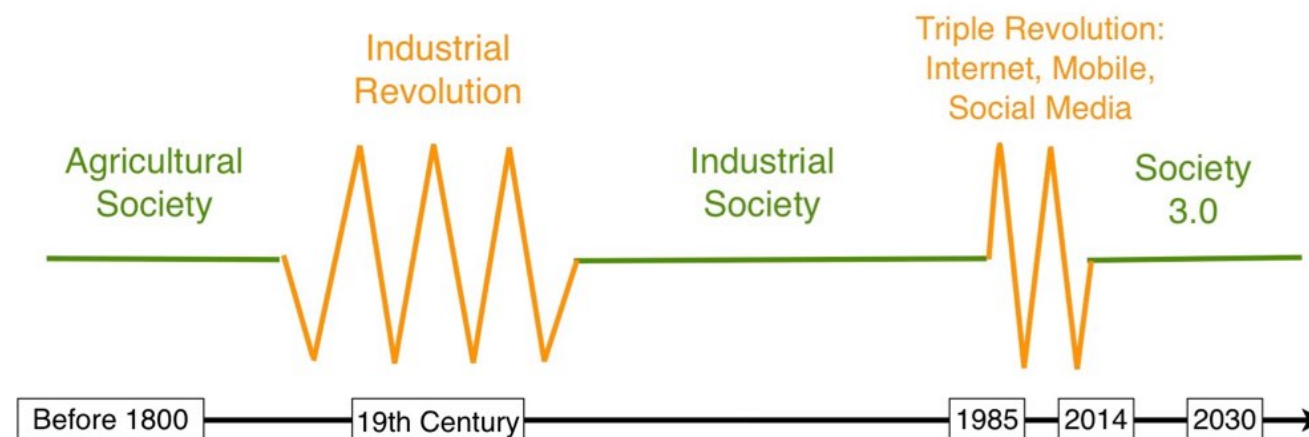
2013

DIGITALIZATION of Place

Reasons to Leave Home

DIGITAL DISRUPTION

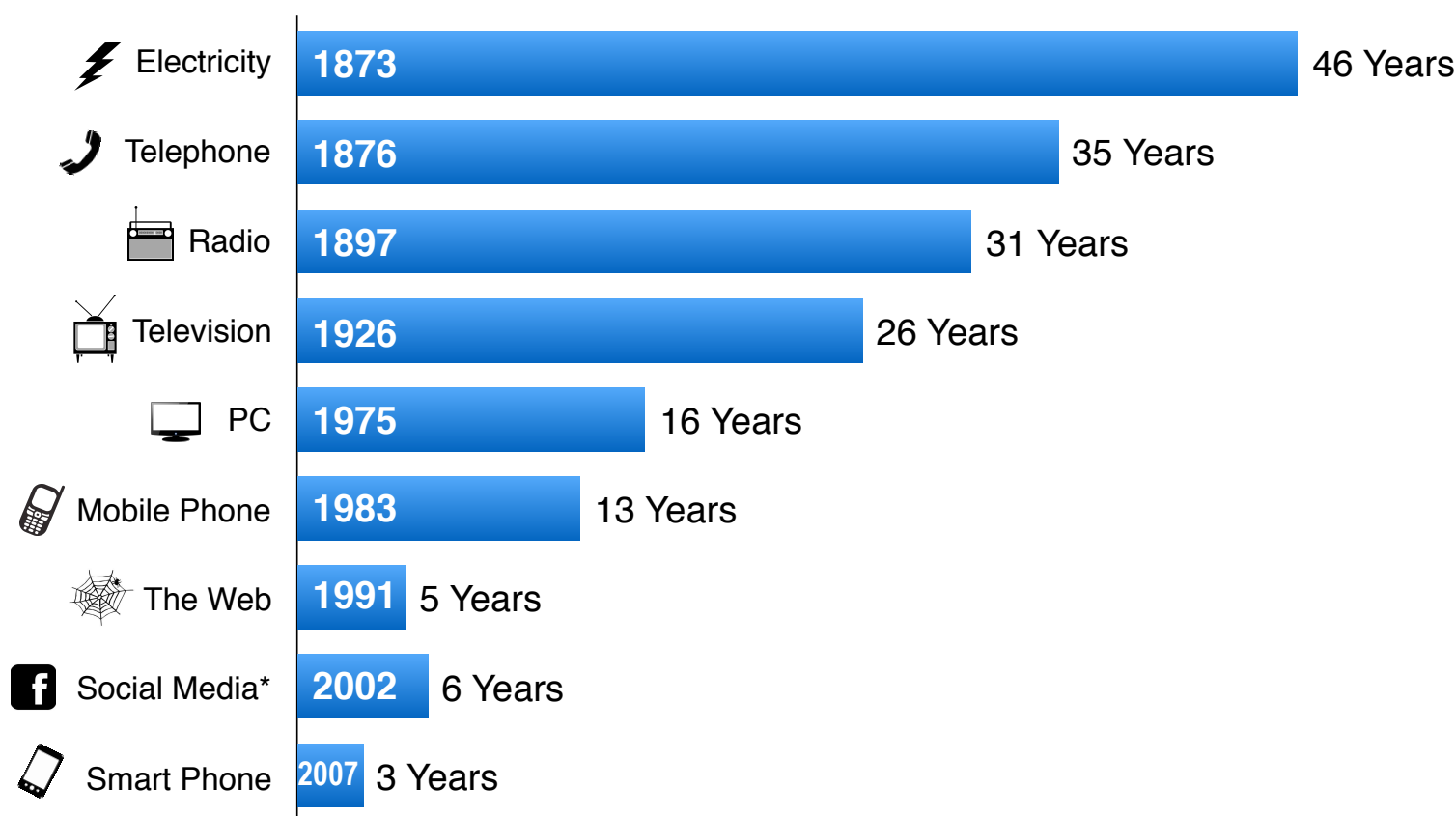




Accelerating speed of technology adoption

Accelerating speed of technology adoption

Years until technology is used by 25% of American population



Source: singularity.com, nielsen.com and White Hutchinson Leisure & Learning Group
*Friendster launched 2002, Facebook launched 2004

The speed of change is accelerating every day



Digital technologies are creating more entertainment & social options every day

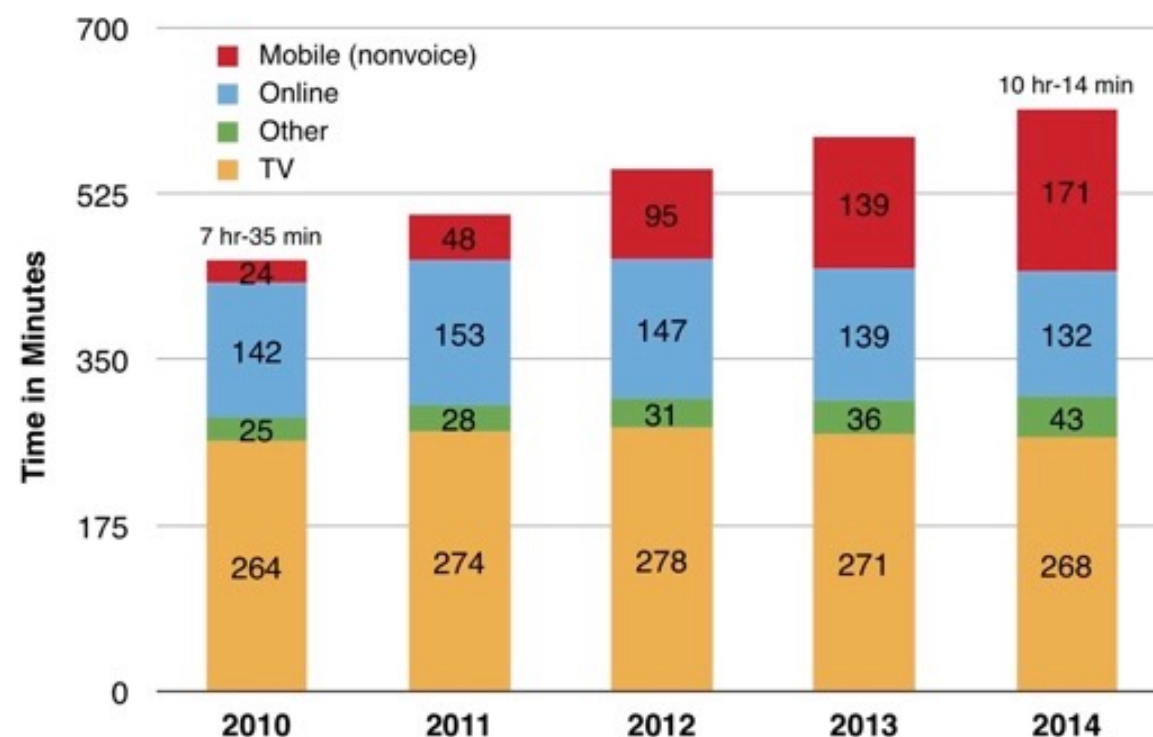


Leisure time is a zero-sum game



5± Hours

Average Time Spent per Day with Digital Media
by US Adults 2010-2014 (minutes)



Note: age 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking

Source: eMarketer, April 2014

IT'S 2016.
WHY ARE YOU WAITING IN LINE?
Download the Which Wich® app while you wait... so next time you won't have to.



**So many choices
So little time!**



5± Hours

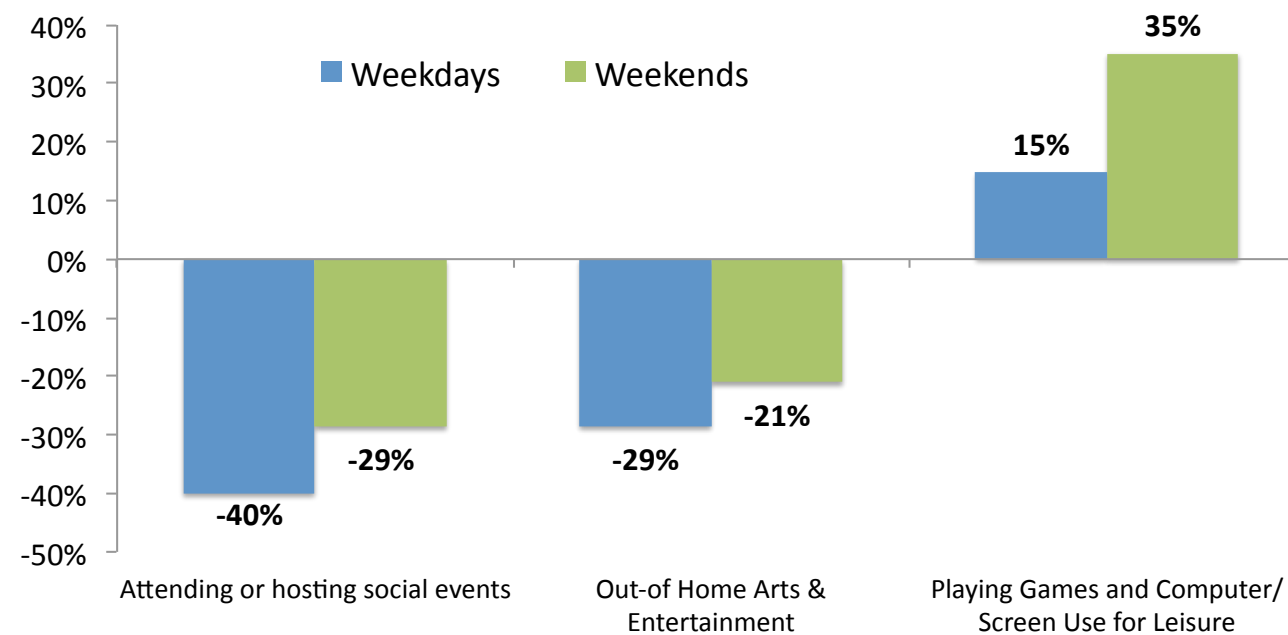


This schedule is subject to change. For any questions or comments, please call WMHT Member Services at 518-880-3111.

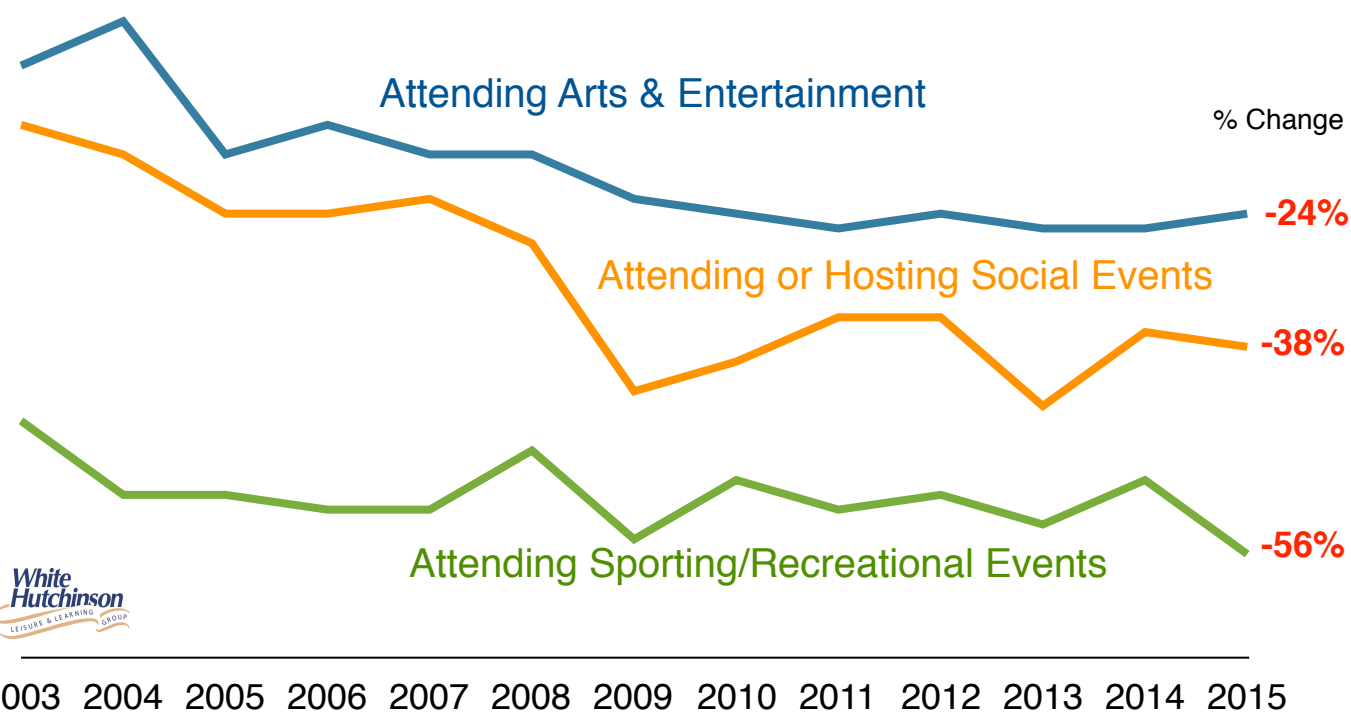
	8PM	8:30pm	9PM	9:30pm	10PM	10:30pm
1 FRI	Washington Week	Charlie Rose The Week	Great Performances: Dudamel Conducts the Verdi Requiem at the Hollywood Bowl			
2 SAT	As Time Goes By	Waiting for God	Keeping Up Appearances	Vicar of Dibley - Autumn		Last of the Summer Wine
3 SUN	Last Tango in Halifax		Masterpiece Mystery! Poirot, Season 12 Dead Man's Folly			Vicious
4 MON	Antiques Roadshow: Vintage Rochester		Antiques Roadshow: Vintage Hartford		Extraordinary Women - Audrey Hepburn	
5 TUE	Mark Twain				Frontline	
6 WED	My Wild Affair: The Seal Who Came Home		NOVA: Australia's First 4 Billion Years, Strange Creatures		Sex in the Wild: Dolphins	
7 THU	Joe Bonamassa - Royal Albert Hall (starts at 7:30pm)		Peter, Paul and Mary A Music Legacy - Carry It On			
8 FRI	Joy Bauer's Food Remedies				Joe Bonamassa - Royal Albert Hall (ends at 11:30pm)	
9 SAT	World Cup of British Comedy (starts at 6:00pm)					
10 SUN	Return To Downton Abbey (starts at 7:30pm)		Return to Downton Abbey			The Roosevelts - An Intimate History Preview
11 MON	The Track at Saratoga - America's Grandest Race Course (starts at 7:30pm)		Live from Lincoln Center - Josh Groban All That Echoes			
12 TUE	Jimmy Van Heusen - Swingin' with Frank & Bing (starts at 7:30pm)		Bee Gees - One Night Only			Joe Bonamassa - Royal Albert Hall
13 WED	NATURE: Snow Monkeys (starts at 7:30pm)		Chicago World Tour 2011 - Back Stage Pass			
14 THU	Return To Downton Abbey (starts at 7:30pm)		Igudesman & Joo - Funtasia		The Roosevelts - An Intimate History Preview	

The digitalization of leisure time

Percent change 2004 to 2015 average hours per day spent at selected activities



Source: American Time Use Survey

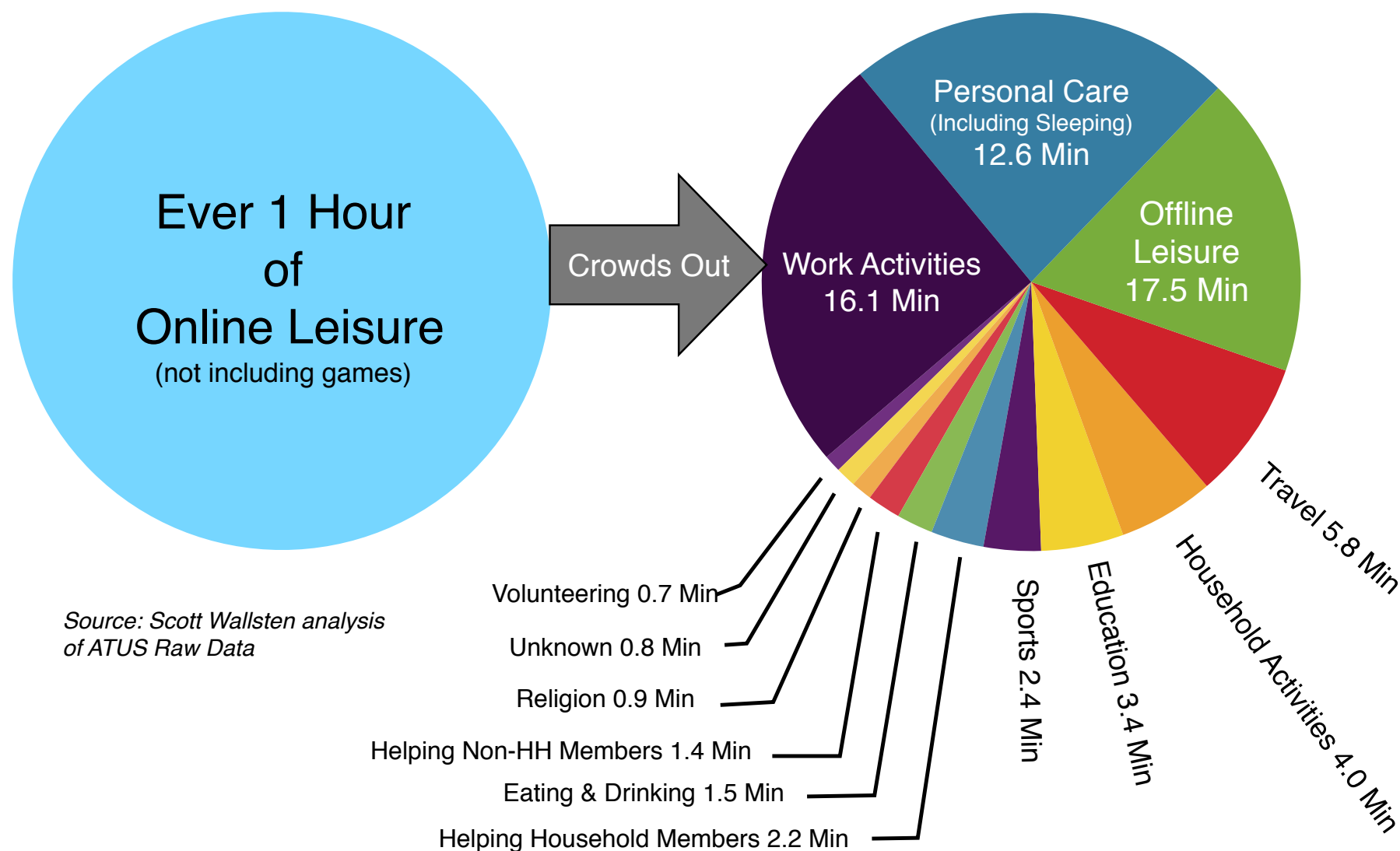


2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

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

The digitalization of leisure time

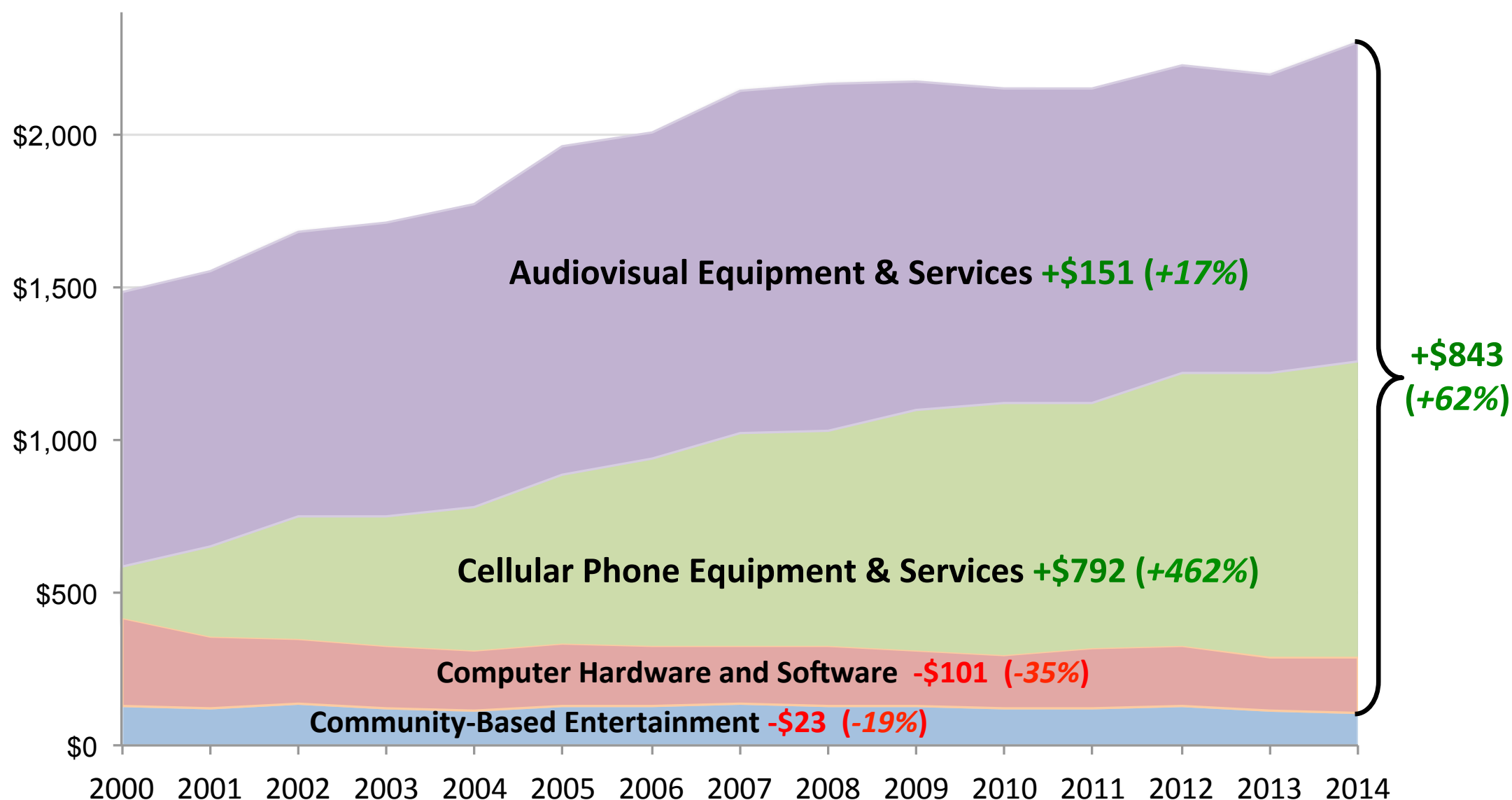
Every Hour of Online Leisure Crowds Out (Replaces)
This Many Minutes of Other Activities



Source: Scott Wallsten analysis
of ATUS Raw Data

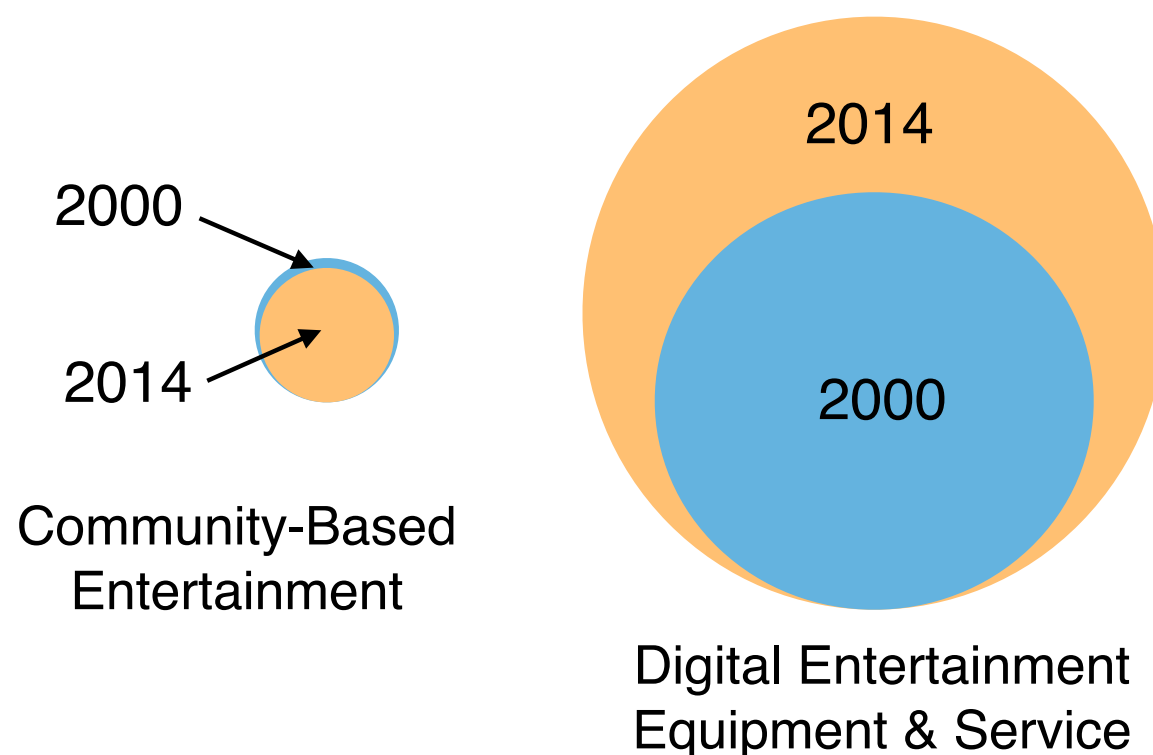
The digitalization of entertainment & socialization

Average household annual expenditures in 2014 dollars

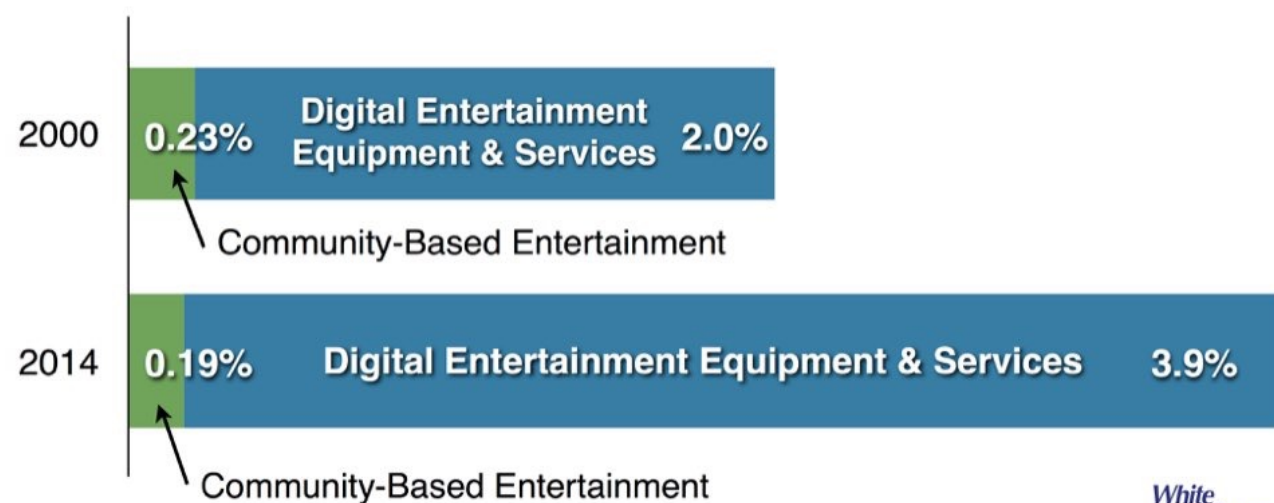


Source: U.S. Department of Labor Consumer Expenditure Survey

Change to average household spending

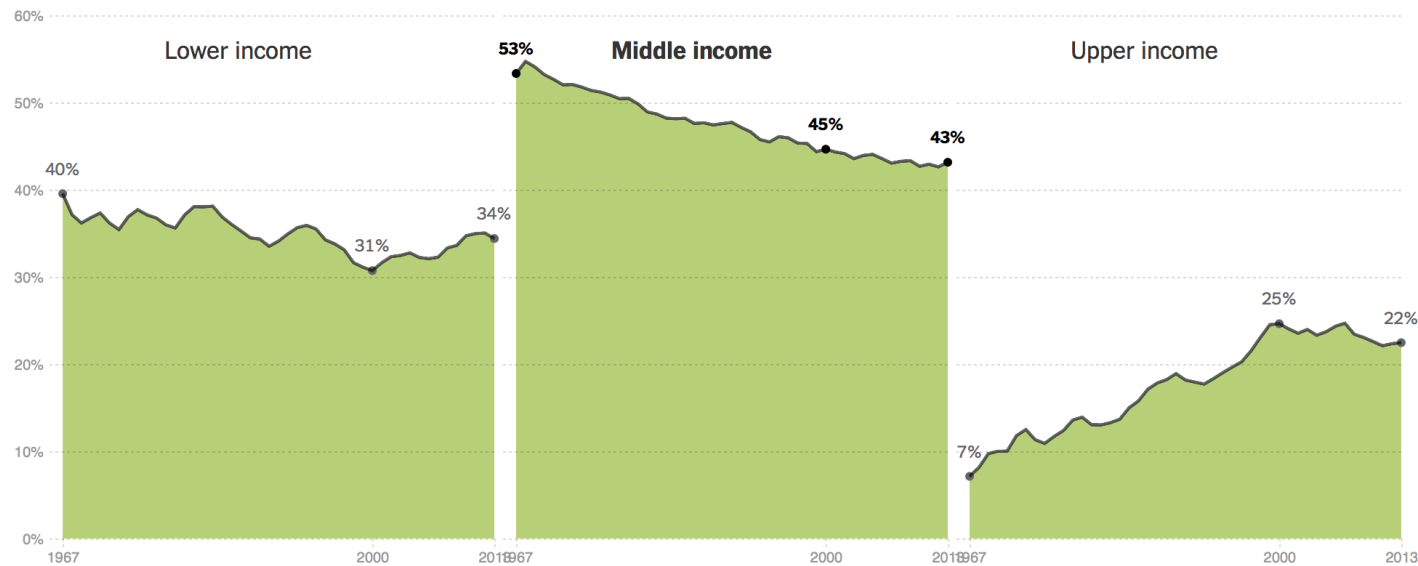


Share of all Household Spending



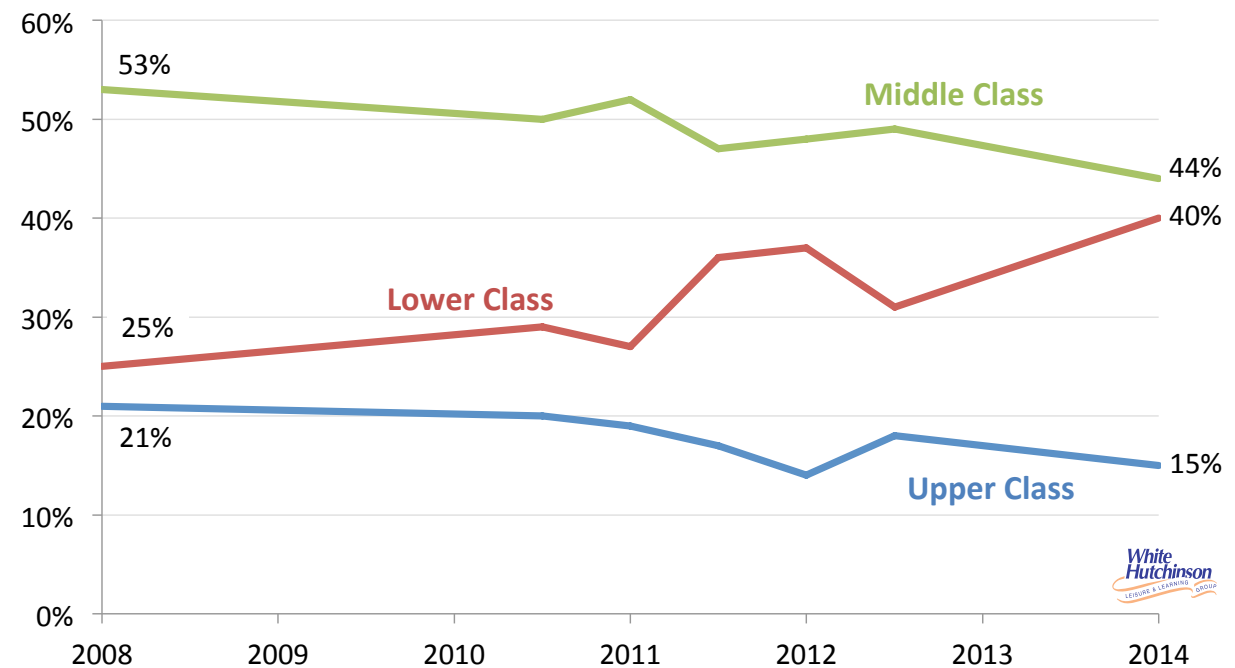
Source: U.S. Department of Labor Consumer Expenditure Survey

America's shrinking middle class



America's Shrinking Middle Class

Percent of Adults Self-identifying as each Social Class



Source: Pew Research: The Lost Decade of the Middle Class

Expanding out-of-home leisure and entertainment options



Big box recreation stores



Experiential brand stores

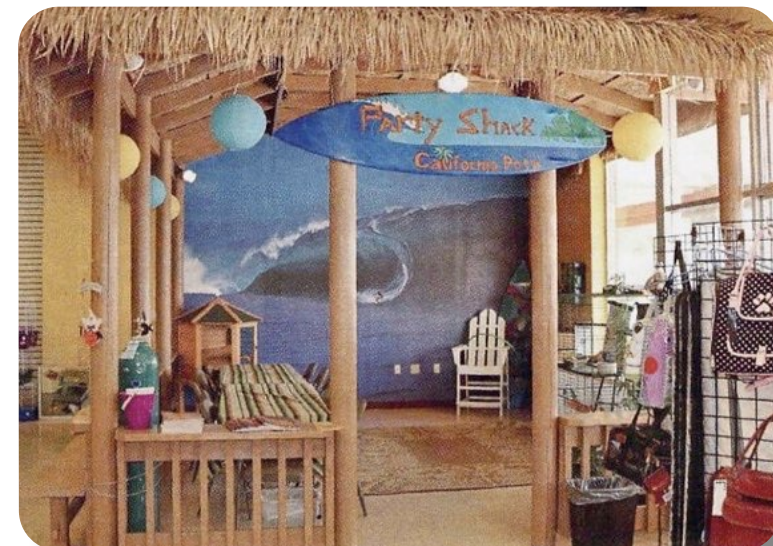


Experiential retail (retail-tainment)

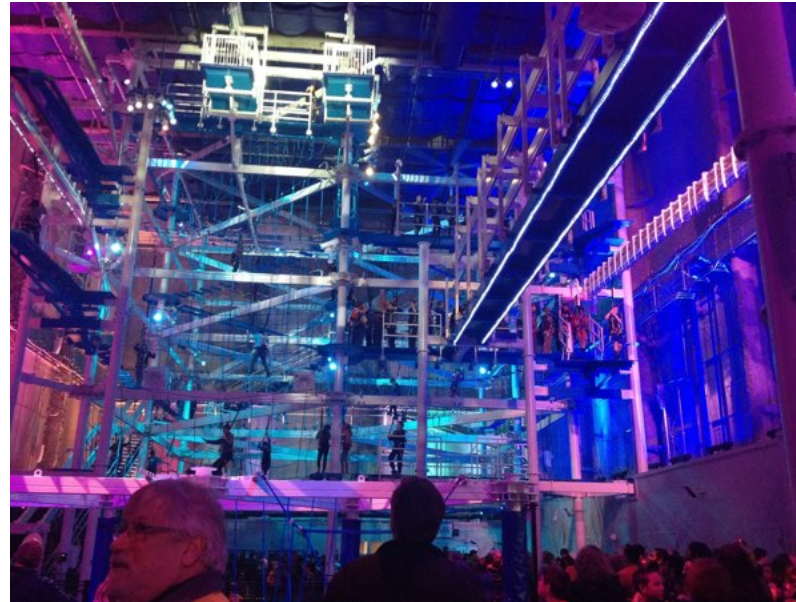
Adrenalina



California Pets



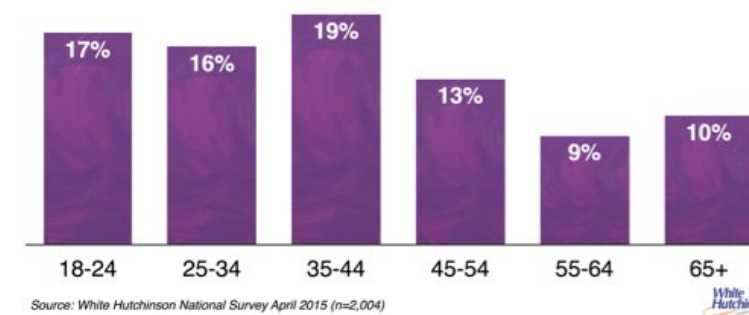
Experiential retail



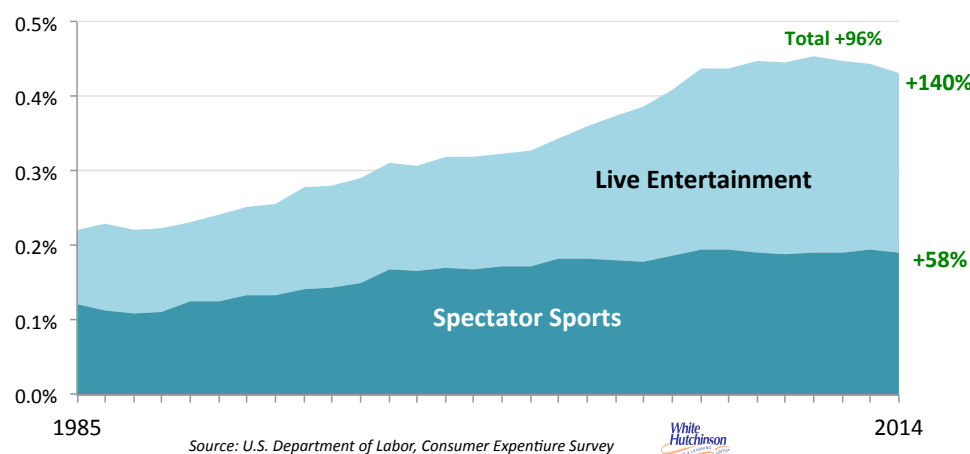
Live, limited time & special events



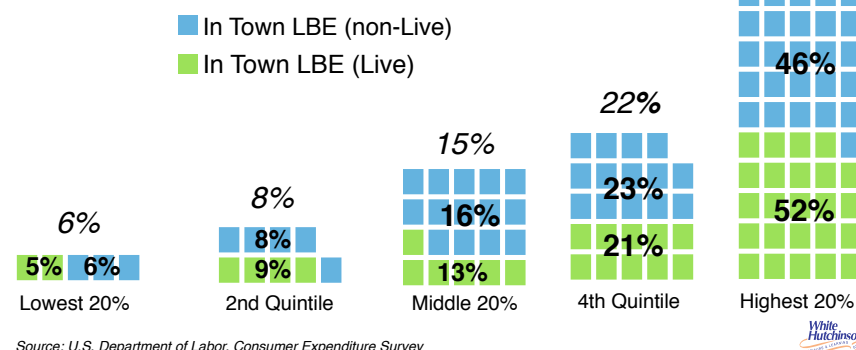
Percent of Adults in Each Age Category that Attended a Festival January 1- April 25, 2015



Percent of total household spending 1985-2014



2014 average annual household community-based entertainment spending by quintiles of household income
Each Square = \$5



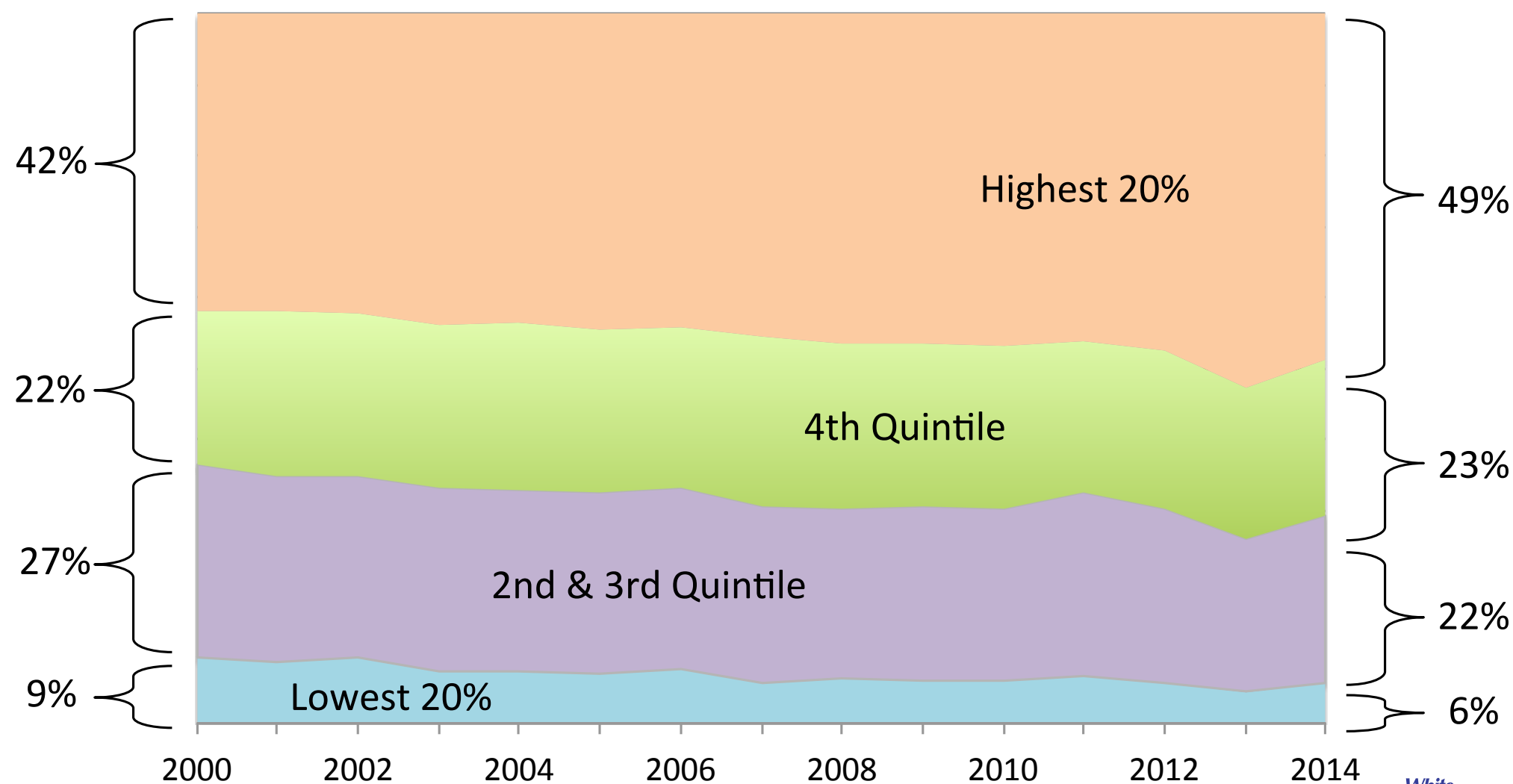
The curse of many entertainment centers

Hedonic adaptation

*same old, same old -
accelerated obsolescence*

Impact on community entertainment spending

Aggregate Shares of Community-Based Entertainment Spending by Quintiles of Household Income

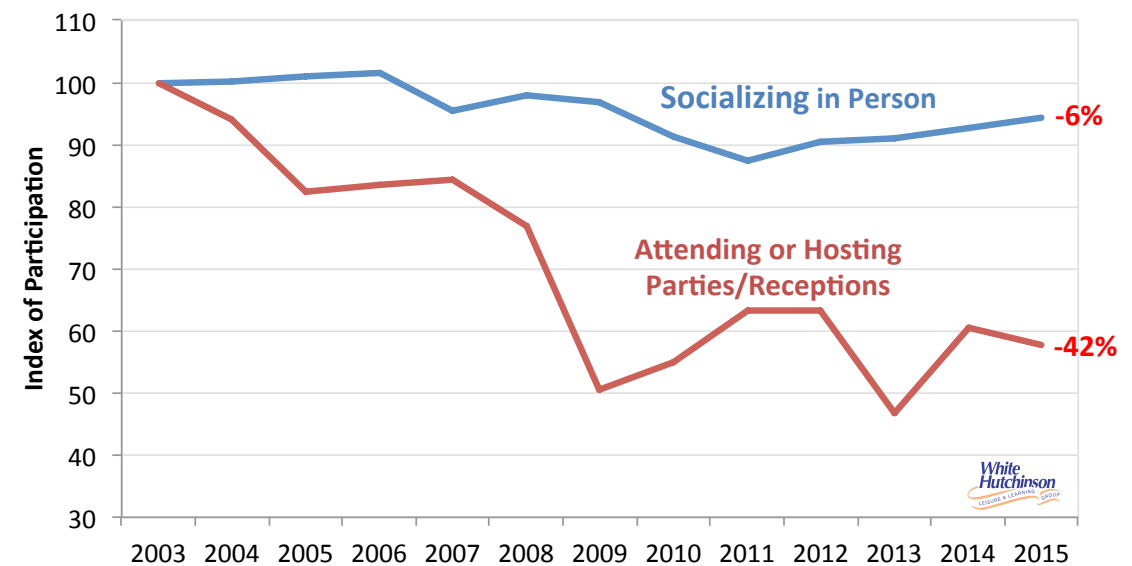


Source: U.S. Department of Labor Consumer Expenditure Survey

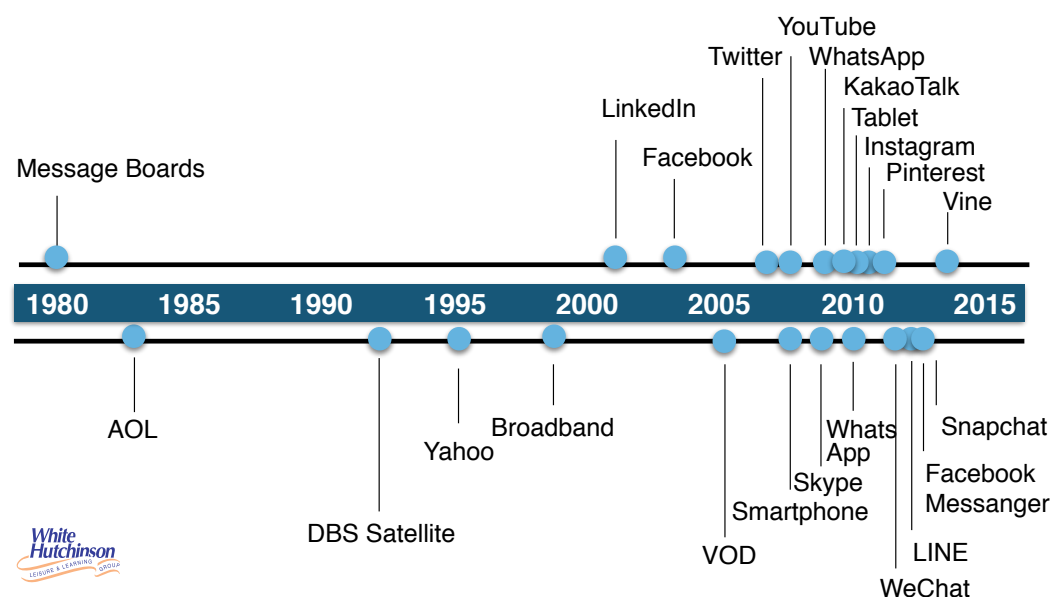
Changing nature of socialization



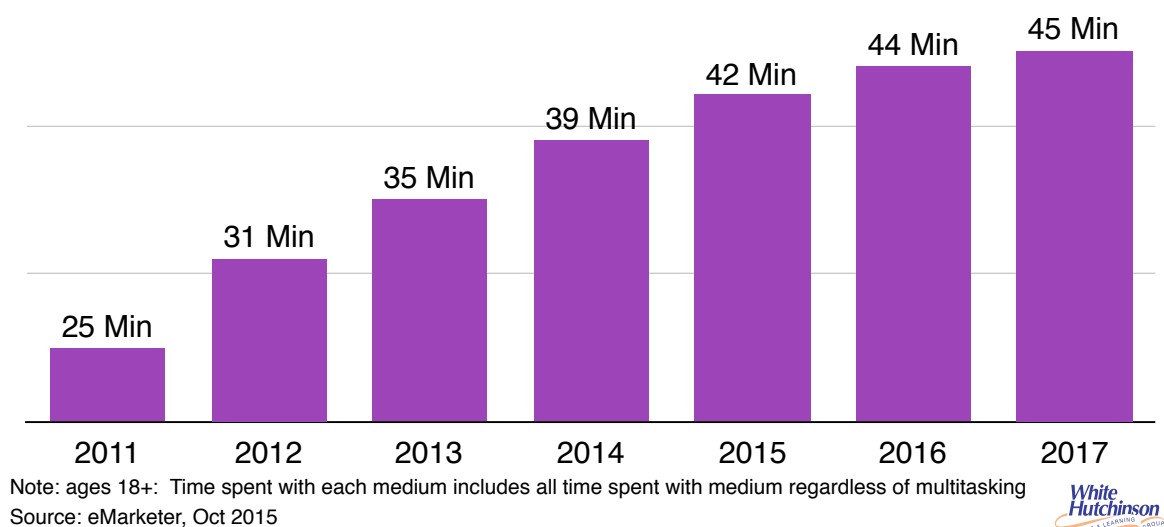
Index for percent of US population participating in selected social activities on typical day (100=2003 Participation)



The growth of digital social connectedness options



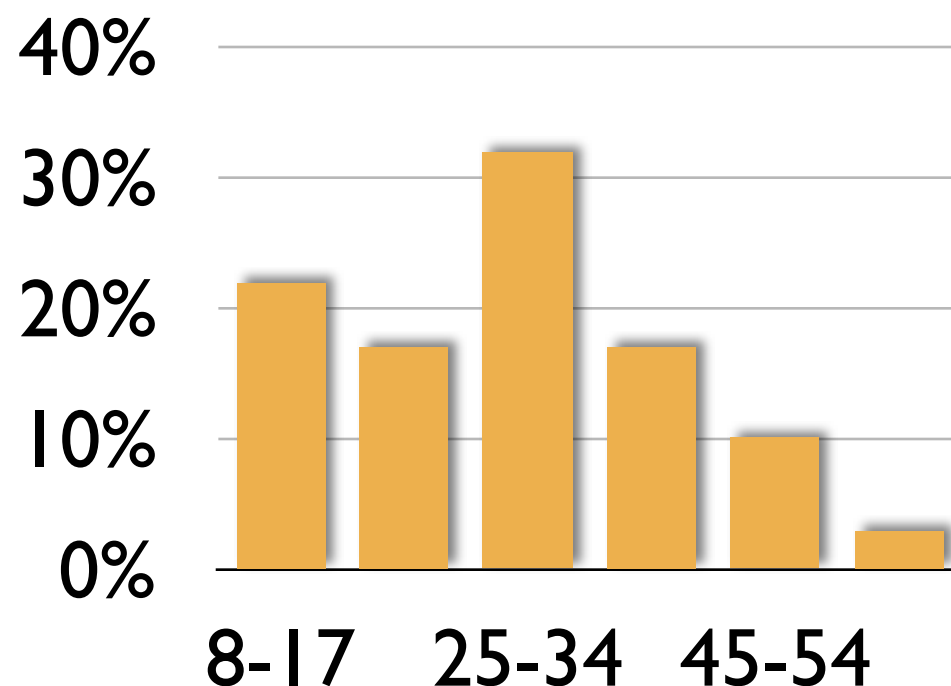
Average time spent per day on social networks by US adults



New lifestyle trend



Super Digital Hiving



Home-tainment

JOMO - joy of missing out & just staying home

JOSH

joy of staying
home



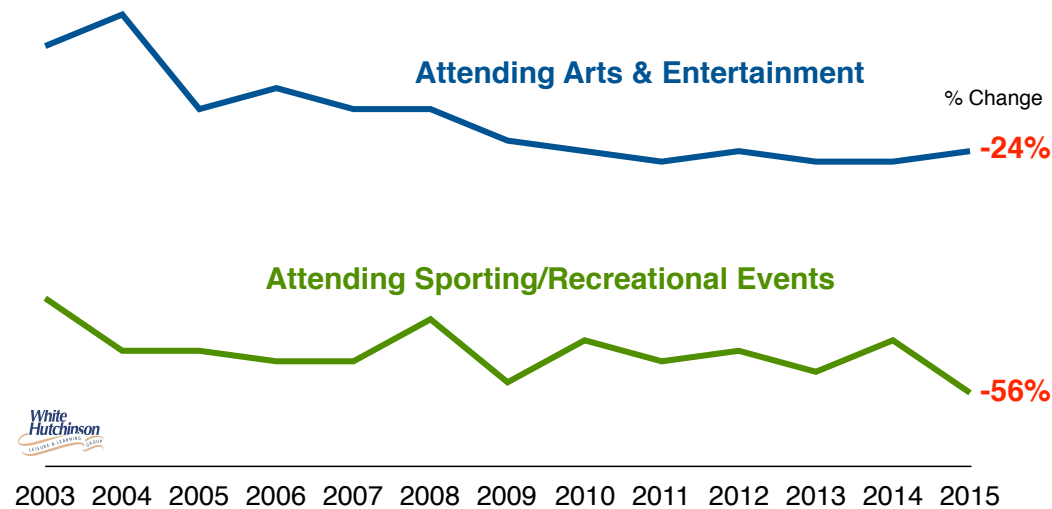
72%

of Millennials and
teens would rather
stay in on the
weekends than
go out at night



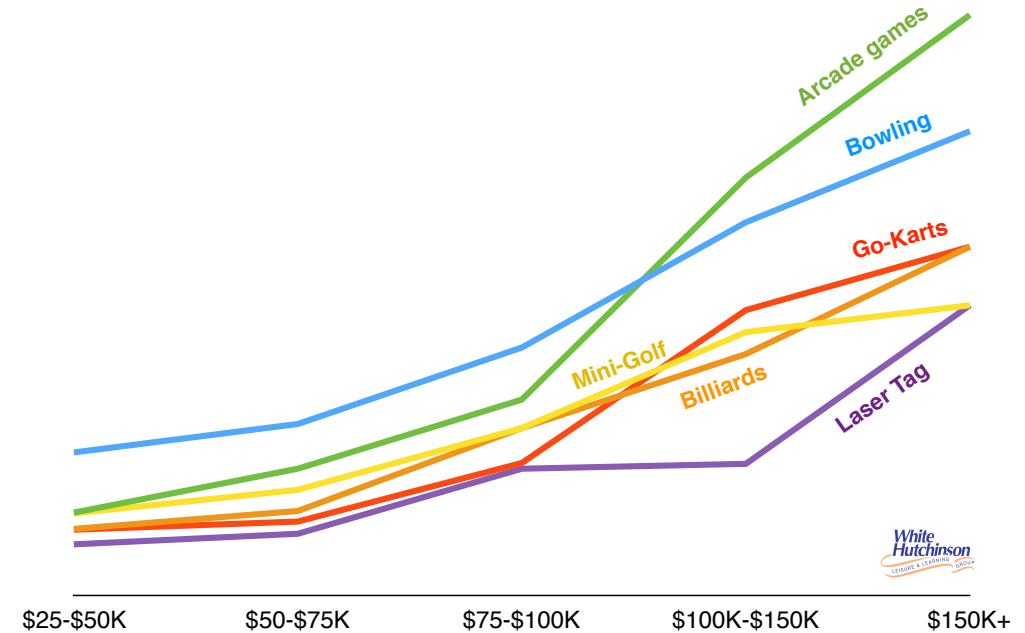
Impact on LBE participation

Percent of U.S. population age 15 and older participating in selected activities on a typical day



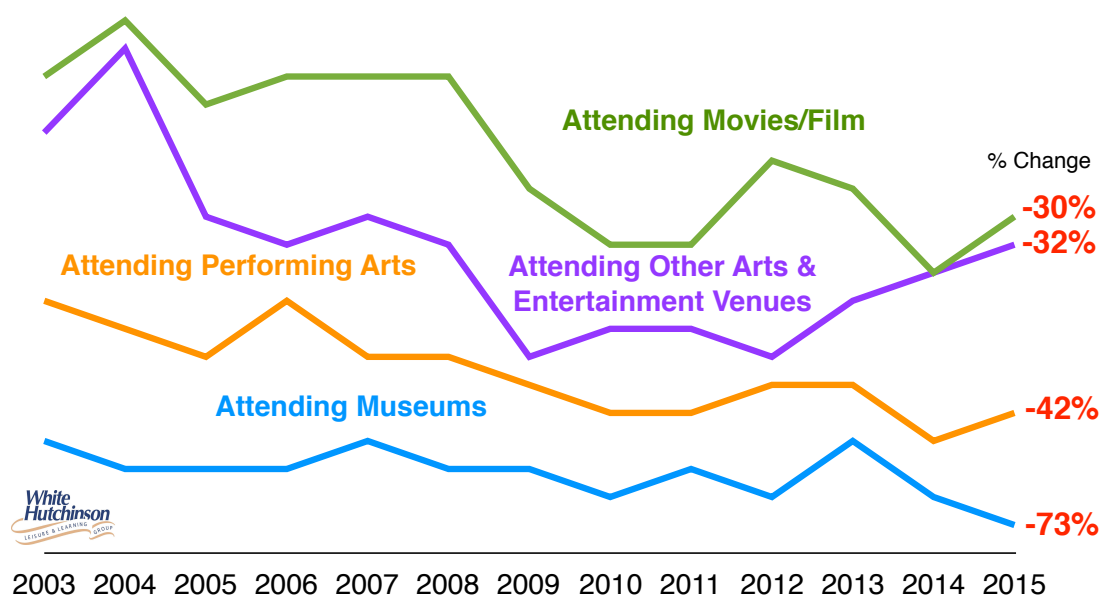
Source: U.S. Department of Labor American Time Use Survey

2014 household attraction participation at location-based entertainment centers by household income



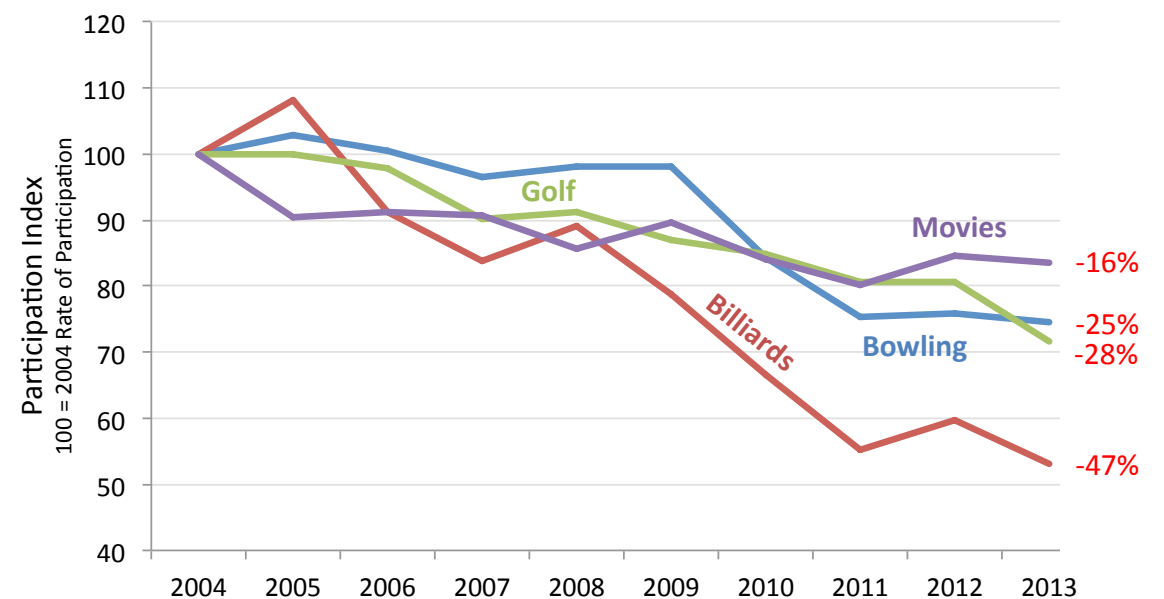
Source: White Hutchinson national survey of 2,548 adults January 6-8, 2015

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

Participation Index of by U.S. Population Ages 7+*



*Movie Participation is for North American Population ages 2+ attending at least once during the year.

Golf, bowling and billiards participation is for U.S. participation 2 or more times each year.

Source: NSGA Sports Participation in the United States, www.boxoffice Mojo.com, U.S. Census Bureau and Census of Canada

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

Big challenge today is:

- Creating a compelling, unachievable at-home or on the mobile screen experience
- Overcoming hedonic adaptation
- Creating a share-worthy experience
- Offering an experience that was not repeated on some other weekend.
- Attracting the more educated, higher-income guests
- Offering a luxe/premium experience that is a great value for the price

To win today it has to be a

**HIGH FIDELITY
EXPERIENCE**

The fidelity trade-off



HIGH
FIDELITY



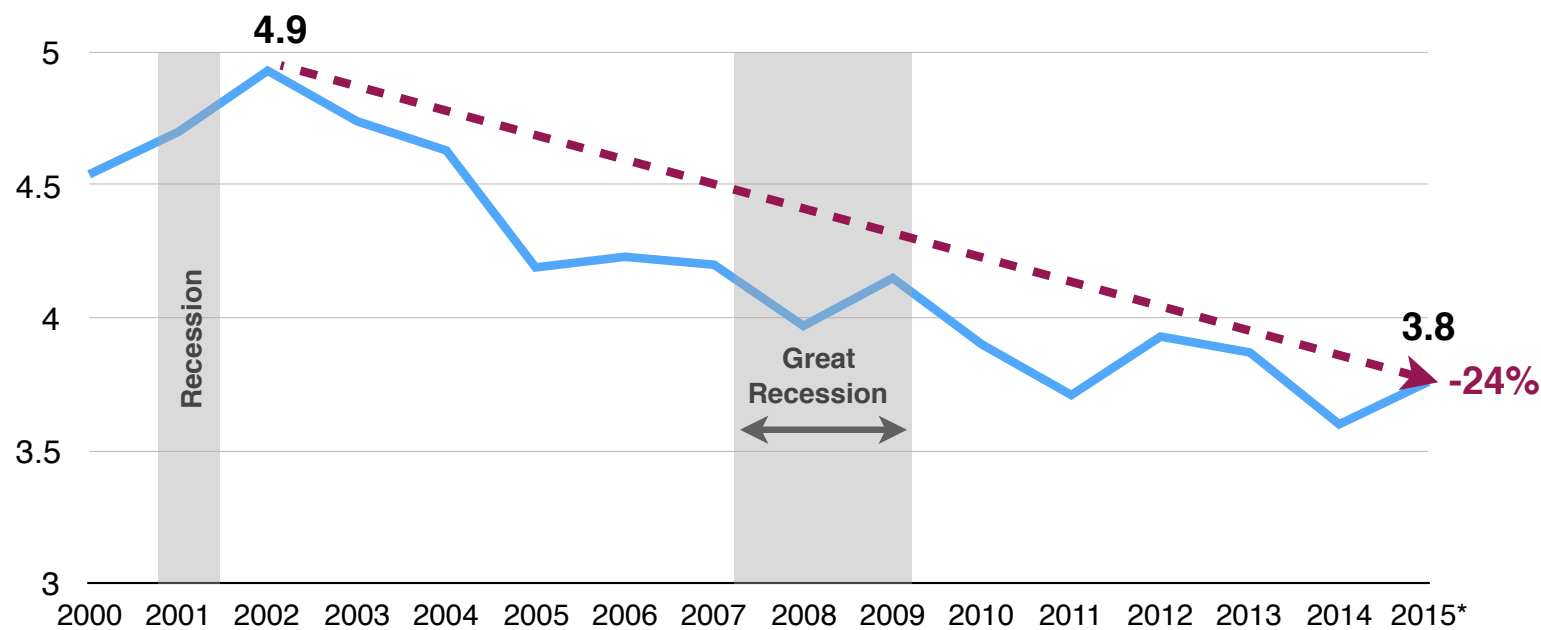
Fidelity
Belly



High
Convenience

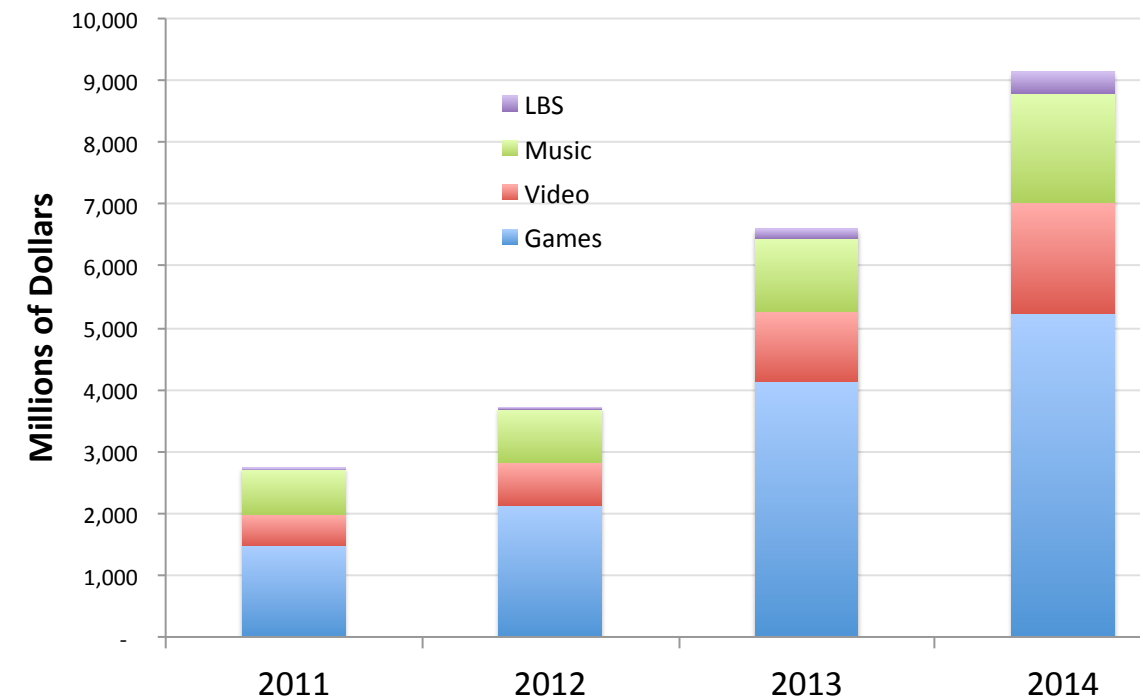
Impact on cinemas

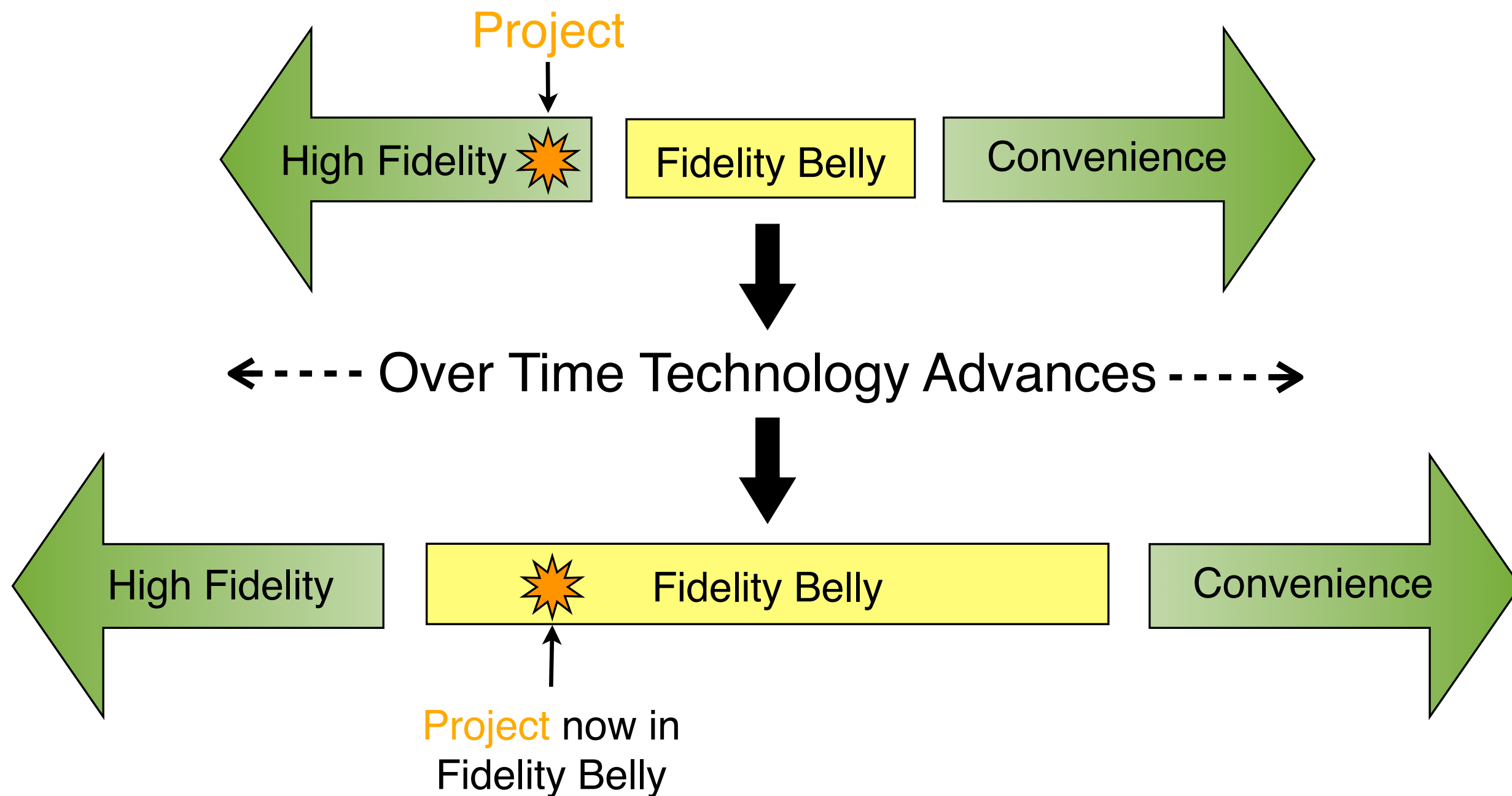
North America cinema annual per capita attendance



Sources: White Hutchinson Leisure & Learning Group, Box Office Mojo, MPAA Theatrical Market Statistics, U.S. Census Bureau & Statistics Canada. Note: 2015 data is preliminary

U.S. Mobile Entertainment Revenue by Type



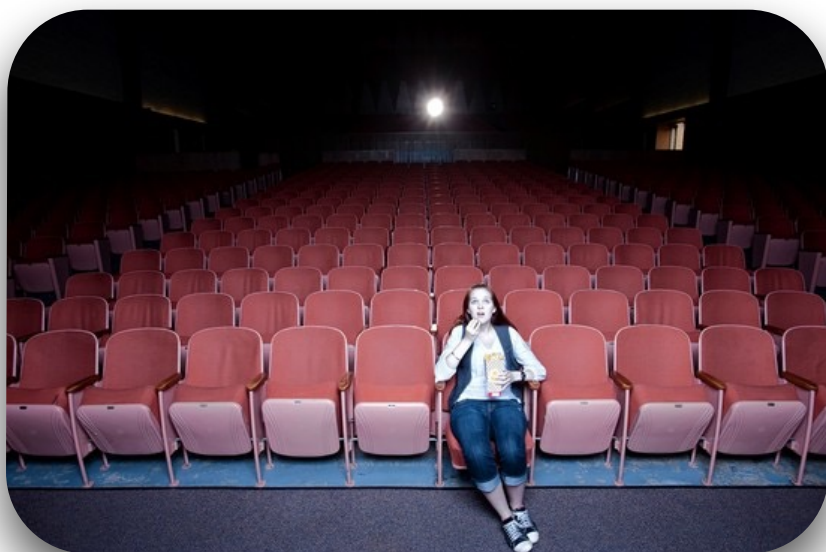


The fidelity trade-off

High Fidelity Convenient

Non-Stadium
Seating

B&W
TV

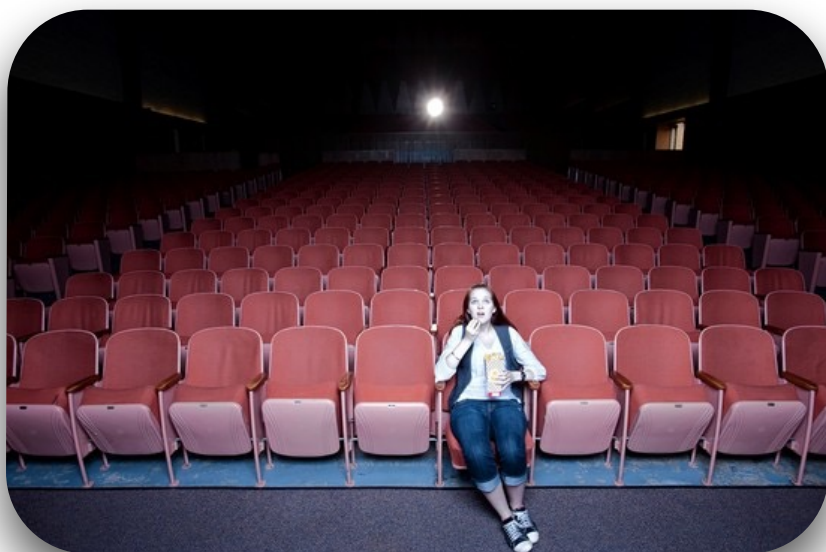


The fidelity trade-off

High Fidelity Convenient

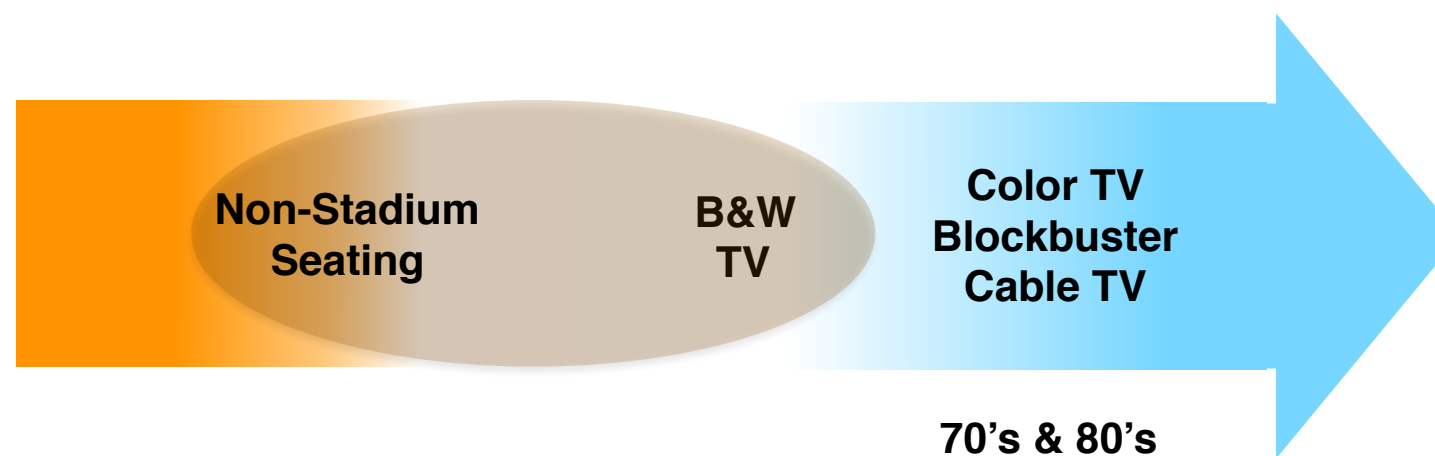
Non-Stadium
Seating

B&W
TV



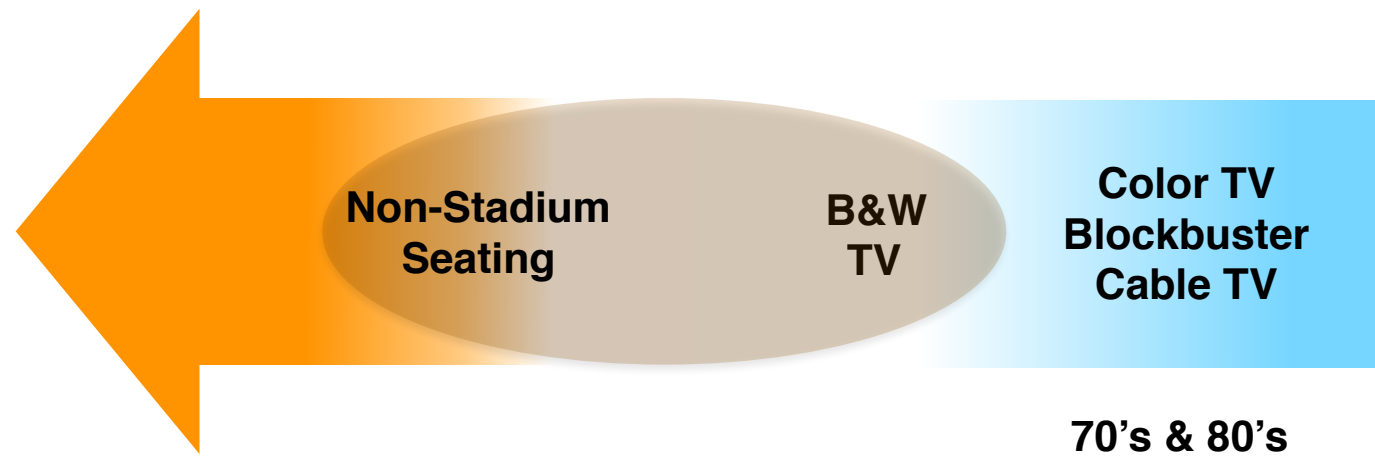
The fidelity trade-off

High Fidelity Fidelity Belly Convenient

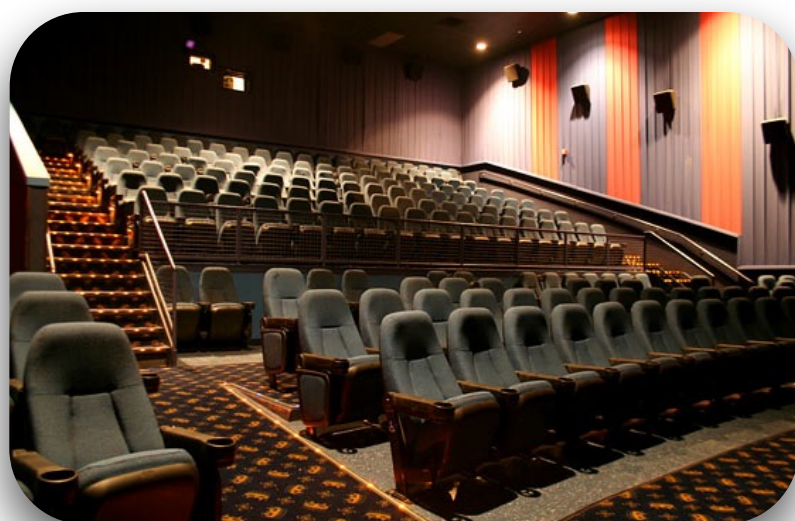
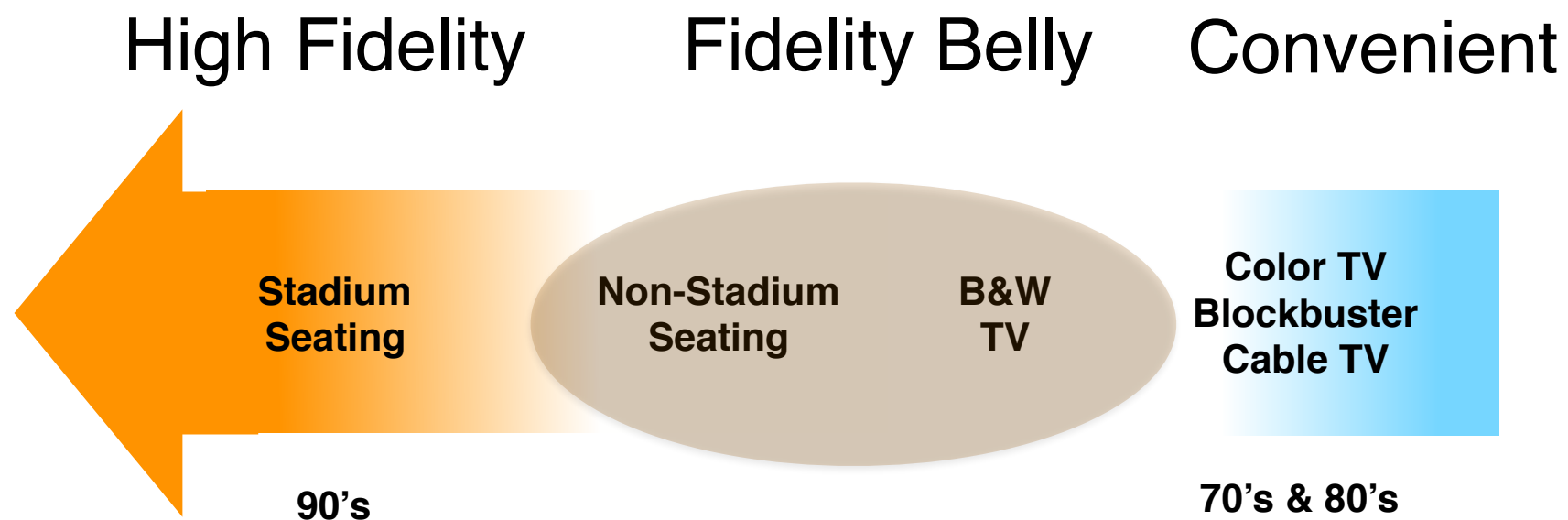


The fidelity trade-off

High Fidelity Fidelity Belly Convenient



The fidelity trade-off

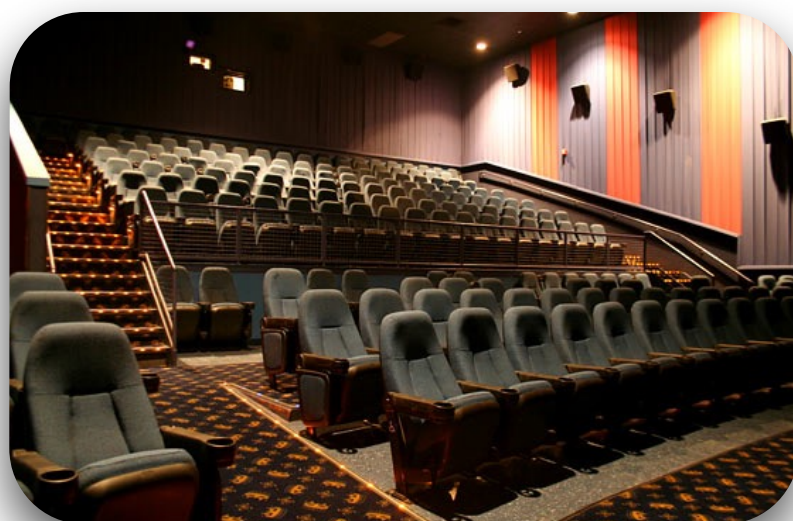
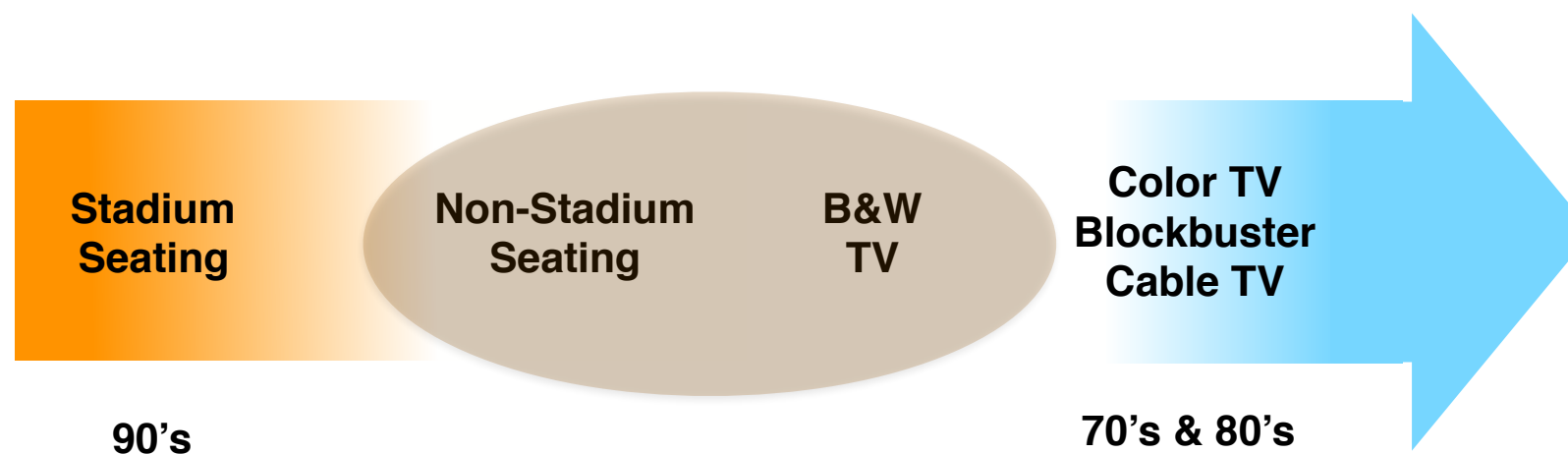


The fidelity trade-off

High Fidelity

Fidelity Belly

Convenient

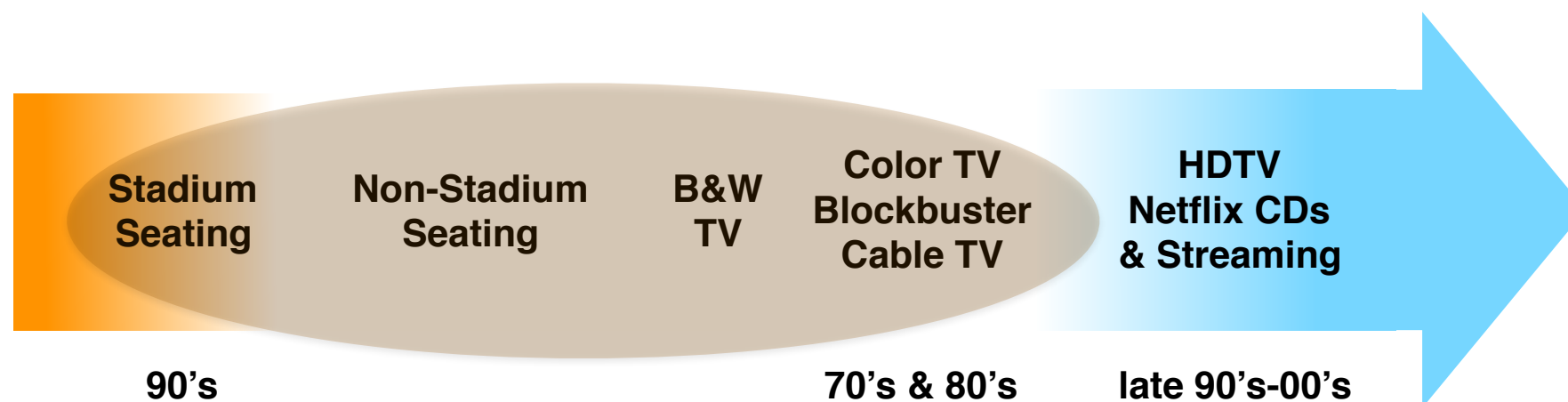


The fidelity trade-off

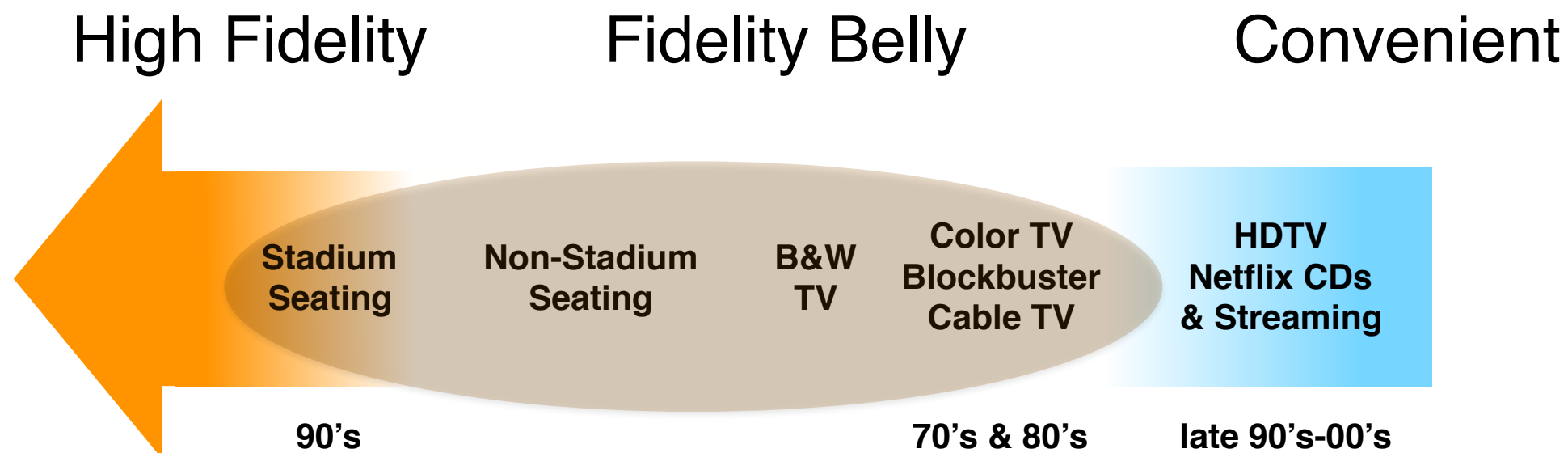
High Fidelity

Fidelity Belly

Convenient



The fidelity trade-off

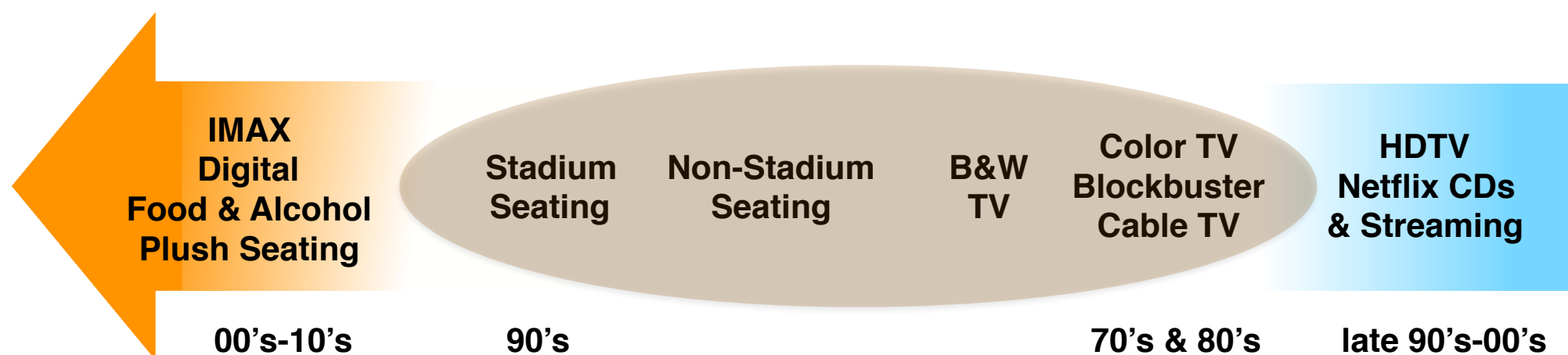


The fidelity trade-off

High Fidelity

Fidelity Belly

Convenient

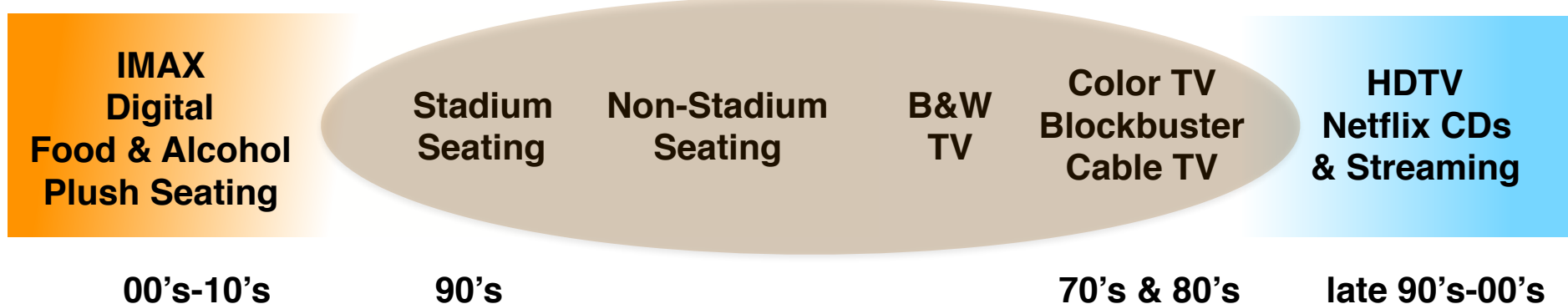


The fidelity trade-off

High Fidelity

Fidelity Belly

Convenient

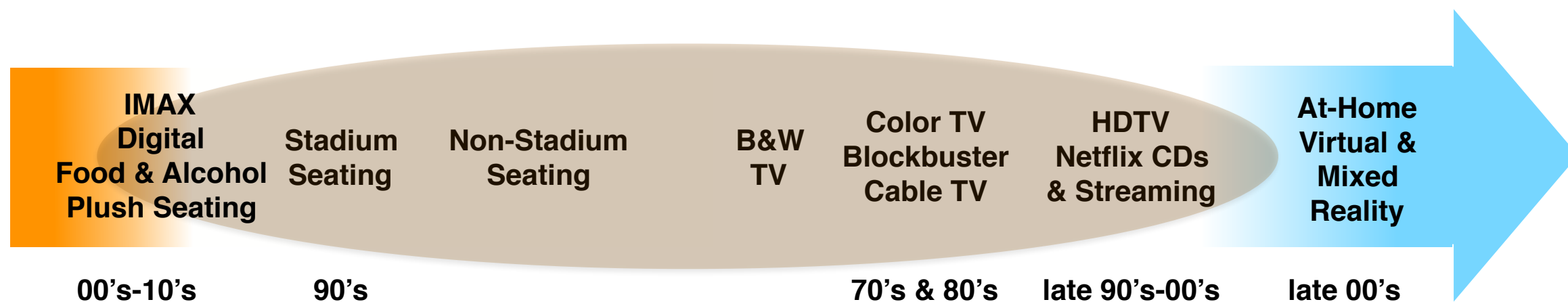


The fidelity trade-off

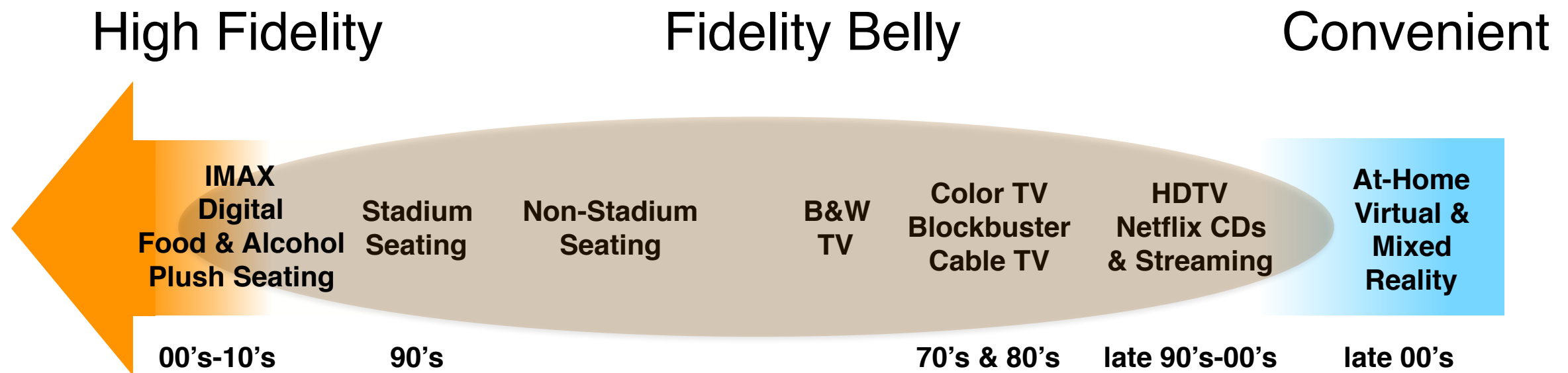
High Fidelity

Fidelity Belly

Convenient



The fidelity trade-off



The fidelity trade-off

High Fidelity

Fidelity Belly

Convenient

**ATOM
App**

**IMAX
Digital
Food & Alcohol
Plush Seating**

**Stadium
Seating**

**Non-Stadium
Seating**

**B&W
TV**

**Color TV
Blockbuster
Cable TV**

**HDTV
Netflix CDs
& Streaming**

**At-Home
Virtual
Reality**

??

00's-10's

90's

70's & 80's

late 90's-00's

late 00's



Raise the fidelity of the experience

amc
THEATRES®



Decreased # seats by 64% = Attendance up 80%



+ increase per capita F&B



HIGH FIDELITY



Wizarding World
of Harry Potter

Fidelity Belly



Convenience



In-Home & Mobile
Digital Entertainment

Let's go out
and ...

Socialize



Social Leisure

Take-aways

- ☑ Digital migration of entertainment & socialization time & money
- ☑ We've lost large parts of middle-class
- ☑ Social stratification: shifting participation & spending to upper-middle+, higher socioeconomic households
- ☑ Increased options for out-of-home & in-home leisure experiences
- ☑ So many things to do and so little time to do them
- ☑ The visit experience needs to be social & High Fidelity
- ☑ It's far less about price and much more about value
- ☑ It's far more about offering a rich social communal experience with great food and beverage than it is about the entertainment
- ☑ Go after corporate and other groups; you can't do that at home or in the virtual world

Randy White, CEO

Randy is considered to be one of the world's foremost authorities on feasibility, concept development, design and production of location-based leisure, entertainment, eatertainment and edutainment venues. Over the past 27 years, his company has worked for over 500 clients in 33 countries.

Over 100 of Randy articles have been published in leading entertainment/leisure magazines. Randy was featured on the Food Network's *Unwrapped* television show as an eatertainment expert, quoted as an entertainment/edutainment center expert in the *Wall Street Journal*, *New York Times*, *USA Today* and *Time* magazine and received recognition for family-friendly designs by *Pizza Today* magazine. One of the company's projects was featured as an example of an edutainment project in the book *The Experience Economy*. Randy is the editor of his company's *Leisure eNewsletter*, he blogs and tweets.

Randy has been a featured keynoter and speaker at numerous entertainment and leisure industry conferences throughout the world. Randy is presently a co-Regent and presenter at the 14-year-old *Foundations Entertainment University*.



www.whitehutchinson.com randy@whitehutchinson.com 816.931-1040
subscribe to our Leisure eNewsletter *subscribe to Randy White's blog*
follow Randy on Twitter *follow Randy on LinkedIn*