

NAFDMA workshop January 13, 2006

## Growing your agritourism/agritainment attraction for success

Randy White, CEO



Kansas City, Missouri, USA

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## Consultants, designers & producers of location-based leisure & learning venues

- Family entertainment centers
- Children's discovery play (*edutainment*) centers
- Family eatertainment facilities
- Adventure play gardens (playgrounds)
- Child care facilities
- Recreation/fitness projects
- Agritainment facilities

17 years experience with 300+ clients worldwide

## Our projects have been featured:



THE WALL STREET JOURNAL



I can dream

& won many industry awards

## Agritainment clients



## Services

- feasibility
- strategic planning
- master plans
- design
- operation audits
- management consulting



Editor's Corner

The \$19 apple

Healthy eating impacts ice cream sales

Experiences: the 4<sup>th</sup> level of economic value

Richard Louv's *Last Child in the Woods*

Where have the teenage workers gone?

Randy White to present at NAFDMA

"Artisan" and "handcrafted" a major food trend

Motivating Generation Y workers

Freebies

Four Keys to Good Service

[www.whitehutchinson.com/leisure/agritainment](http://www.whitehutchinson.com/leisure/agritainment)



Vol. V, No 1, January 2005  
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11. Family pizza buffet/entertainment center design progresses
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[www.whitehutchinson.com/leisure](http://www.whitehutchinson.com/leisure)



My childhood agritainment roots

Who are you?

What is agritainment?

farm + entertainment =  
a farm experience



Types of agritainment

- corn maze
- Halloween/fall festival
- pick-your-own
- children's discovery farm
- hay rides
- farm museum
- horseback riding
- Christmas tree farms

Spend time reviewing  
a lot of basics

## The only 5 ways to grow your business:



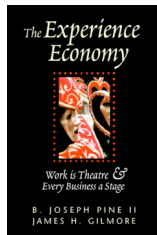
1. decrease defections
2. increase per capita expenditures
3. increase frequency of visits
4. get new customers from existing geographic market area
5. expand the geographic market area

## The cost of defections:

- each unhappy guest tells an average of 12 people about their bad experience
- each of those 12 people tells 6 of their friends
- each of those 6 tells 3 of their friends
- end up with 380 people hearing about a bad experience just one guest had

**Beware of the power of internet savvy moms**

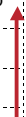
## Progression of economic value



## Progression of economic value

### Coffee

Offering	Example	Price
Experience	Starbucks	\$2.00+/cup
Services	fast food	\$1.00/cup
Goods	supermarket	\$6.00/lb
Commodity	grower	\$1.00/lb



\$0.50

\$2.00



\$150



\$10.00

## Economic progression of corn



Corn at the 3rd level of the progression of economic value with some entertainment added



## Transformational experiences

Permanently change people, offering them more than just the memory of an experience that may fade in time

## Agritainment paradigm shift

Move from selling commodities, goods and services to *producing experiences* & *charging for them*

## Make as much as possible an experience

transportation = a *service*



narration & demonstration makes it into an *experience*

## Let's take a look at leisure today

There has been a major shift in the economies and values of American society

## Knowledge society

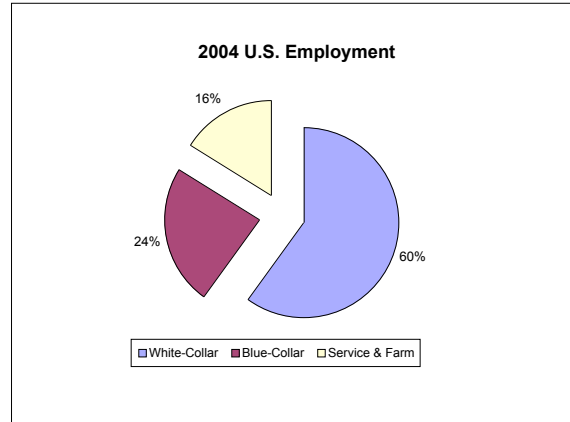
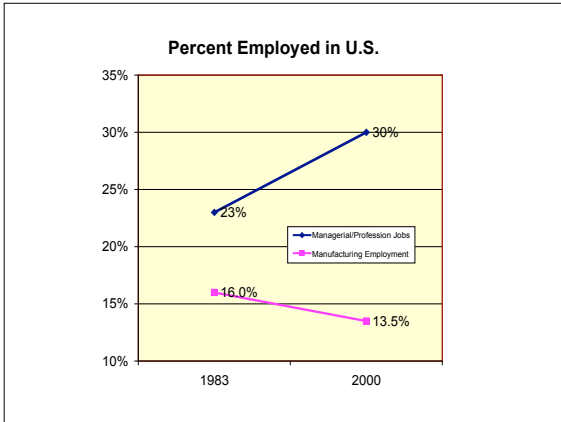
We now predominately work with

our

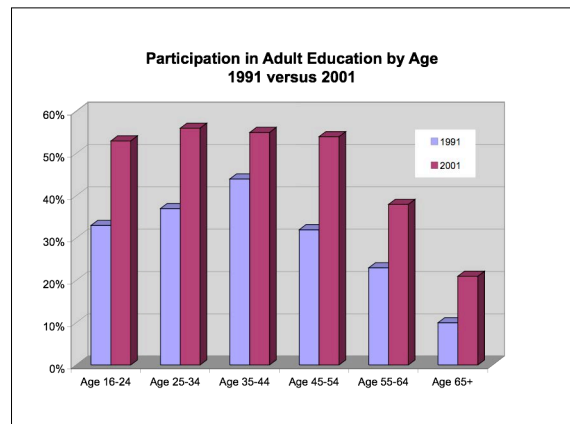
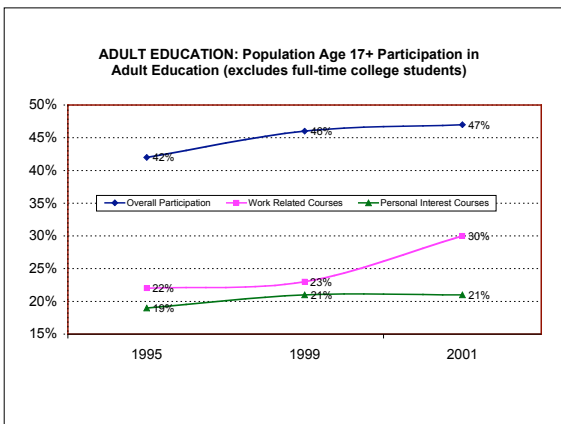
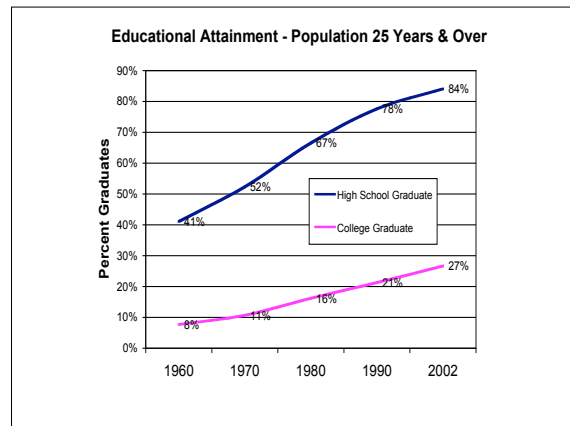


instead of our

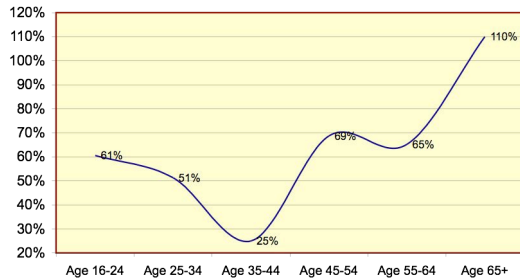




We now value lifelong learning



**Percentage Increase in Adult Education  
by Age from 1991 to 2001**



*In manufacturing society, leisure  
was reward the for hard work*

- **Work** = Self-improvement
- **Leisure** = Relaxation, no practical purpose

*Today, we have a new  
attitude about leisure*

- Opportunity to improve themselves and our children
- Opportunity to do worthwhile things

*Gen-X and Gen-Y parents have a  
different attitude about their children's  
leisure than Baby Boomer parents:*

Boomer parents tended to separate  
their children's playtime and learning  
time

Gen-X and Gen-Y parents want their  
children to learn as they play (now 2/3s+  
of all preschool parents)

*Today we experience time  
completely different than  
past generations*



November 2002						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	1	2	3	4

*We have the perception of  
less available leisure time*

- Actually same amount as in the past - 30 hours per week
- Today more leisure options, so we want to squeeze in more choices
- Leisure comes in smaller, discrete time increments - needs to be highly scheduled

We now value the more  
productive use of  
leisure time

The big issue today is  
capturing a share of:

Disposable

versus

Disposable



The perceived value of a visit in  
terms of the use of time is often far  
more important than just the \$ cost

Time-value equation includes:

- family socialization
- children's fun
- educational content
- memories

We seek out  
multi-task leisure experiences

Having **fun** and **learning** at the  
same time has twice the value as  
spending our valuable time on  
only one alone

#### General characteristics of non-tourist location-based entertainment (LBE)

- Community-Based
- In or Near Residential Areas
- 20+ Minute Drivetime Market Area
- Success Requires Repeat Visits
- Per Capita Expenditures of \$8 to \$18
- 2.0+ Hour Length-of-Stay
- Multiple Attractions
- Food & Beverage (25+% revenue)
- Group Business/Birthday Parties (20+% revenue)

#### Types of LBEs

- Outdoor Family Fun Centers
- Indoor Family Entertainment Centers
- Variations: LBEs, UECs & RECs
- Indoor Children's Centers:
  - Children's Entertainment Centers
  - Children's Edutainment Centers
- Indoor-Outdoor Centers:
  - Family Entertainment Centers
  - Children's Edutainment Centers
- Eatertainment,
  - Pizza & Games
  - Family Pizza Buffet/Entertainment Center
- Theme parks
- Zoos, aquariums, museums
- Agritainment

### Yesterday

When demand exceeded supply,  
mediocrity worked

### Today & Tomorrow

When supply (options) exceeds demand,  
only excellence wins!

### Today, we are seeing a convergence of:

Entertainment  
Recreation  
Shopping  
Services  
Meals/Dining  
Culture  
Education

### 3 basic target markets

- Families with children  $\leq 12$  yrs. old
- Tweens & teens
- Adults

#2 is not compatible with the other two

### Must Be In Balance

Length-of-stay  
Travel time  
Per capita expenditures  
Mix of attractions & target market  
Anchor & impulse  
Operating capacity  
Peak period capacity (right sizing)  
Entertainment value  
Repeat appeal  
Expectations & experience  
Price & perceived value  
Investment & return

### Market dynamics of location- based leisure destinations

- direct correlation between  
length-of-stay & market reach
- direct correlation between  
length-of-stay & per capita  
spending

### Calculation of per capita spending

Equals the average per person of:

admission fee  
+  
event fees  
+  
food & beverage purchases  
+  
retail/produce/gift purchases



### 2005 average cost of leisure activities for a family of four

(tickets for two adults and two children, parking, one meal  
and two child-size souvenir T-shirts)

	Total Cost	Length-of-Stay in Hours	Cost per Hour Per Person
Cinema	\$50	2.0	\$6.25
Theme park	\$217	7.0	\$7.75
NFL football game	\$330	4.0	\$20.63
Snow skiing	\$297	8.0	\$9.28
NBA Basketball game	\$263	3.5	\$18.79
Concert	\$259	2.5	\$25.90
MLB baseball game	\$164	3.0	\$13.67

### Per capita spending per visit

2.0 hour visit = \$12+

2.5 hour visit = \$15+

3.0 hour visit = \$18+

### Mix of attractions

- Designed for target market
- Anchor and impulse
- Repeat appeal
- Length-of-stay



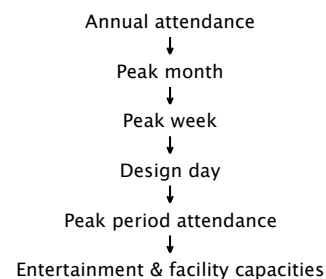
### Right sizing:

demand period  
or  
design day calculations

### Right sizing

- Site
- Building size
- Parking spaces
- Admissions throughput
- Entertainment capacity
- Entertainment throughput
- # & size of party rooms
- Field trip capacity
- F&B counter, kitchen equip.
- Food production throughput
- Seating
- Circulation
- Each event, queuing
- Restrooms
- Offices
- Staff break room
- Storage
- Mechanical

### Operating capacity



### Typical design day calculations for year round attraction

Annual Attendance	300,000
Peak Month @ 15%* of annual	45,000
Weekly @ 23.1% of peak month	10,400
Design Day Attendance @ 20%* of week	2,080
Peak Period Attendance @ 40%* of design day	832

\* DO NOT use these percentages. They are only intended to illustrate the methodology. There is wide variation of percentages based on type and location of project. Often, peak period needs to be calculated separately for different types of attendance for the same project.

### Expectations versus experience

Consumers do not judge location-based entertainment facilities by comparing them with other LBEs, but rather based upon the expectations established by all location-based businesses

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

- Restaurants
- Airports
- Retailers
- Hotels
- Stadiums
- Theatres
- Resorts
- Theme parks

Price needs to equal,  
better yet,  
exceed the perceived value

Time spent also factors into the  
perceived value

### Investment versus return

- Required return
- Short term return
- Long term return

### (re)Development process

*(the product is only as good as the process that creates it)*

- Initial Concept
- Site Evaluation
- Market Research
- Concept Refinement
- Attendance Projections
- Preliminary Plans
- Cost Estimate
- Pro Forma Financial Projections
- Zoning Entitlements
- Procure Financing

--continued--

- Organization Design
- Schematic Design
- Design Development
- Construction & Permit Documents
- Permits & Bids
- Construction
- FF&E Procurement
- Management Systems
- Policies & Procedures
- Staffing & Training
- Soft Opening
- Delighted Repeat Guests
- Profits
- Continuous Improvement

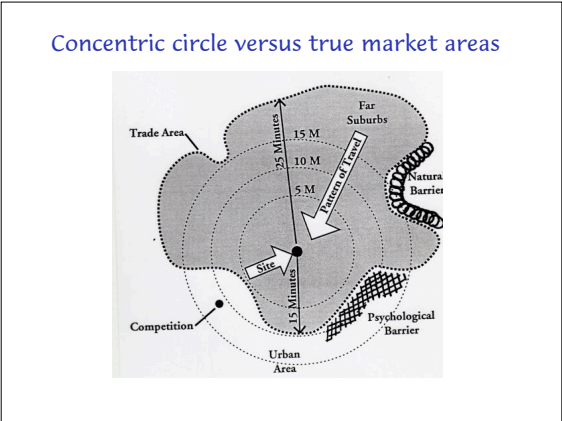
## Market Area Factors

- Length-of-Stay (scale and mix)
- Drivetimes (varies by market)
- Competition (direct & indirect)
- Accessibility
- Visibility
- Nodes of retail & entertainment
- Patterns of travel
- Natural & psychological barriers
- Socio-economics & lifestyles
- Composition of residents & visitors
- Culture
- Guest Expectations

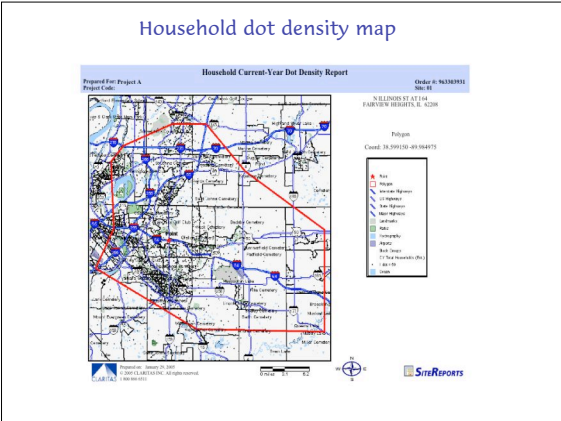
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  - Socio-economics & lifestyles
  - Composition of residents & visitors
  - Culture
  - Guest Expectations

### Concentric circle versus true market areas

The diagram illustrates the difference between concentric circles and true market areas. It features a central point labeled 'Site'. Concentric circles are drawn around this point, with radii labeled '5 M', '10 M', and '15 M'. A vertical line segment from the 'Site' to the outermost circle is labeled '25 Minutes'. A horizontal line segment from the 'Site' to the middle circle is labeled '15 Minutes'. A diagonal line segment from the 'Site' to the innermost circle is labeled '5 Minutes'. A dashed line labeled 'Pattern of Travel' follows a path from the 'Site' towards the top right. A solid line labeled 'Trade Area' follows a path from the 'Site' towards the bottom left. A dashed line labeled 'Urban Area' follows a path from the 'Site' towards the bottom right. A dashed line labeled 'Psychological Barrier' follows a path from the 'Site' towards the top left. A dashed line labeled 'Natural Barrier' follows a path from the 'Site' towards the top right. A dashed line labeled 'Far Suburbs' follows a path from the 'Site' towards the top right. A dashed line labeled 'Competition' is located at the bottom left, outside the concentric circles.

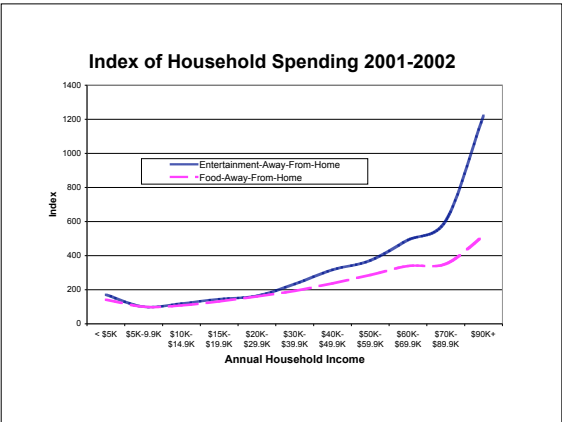


# Household dot density map



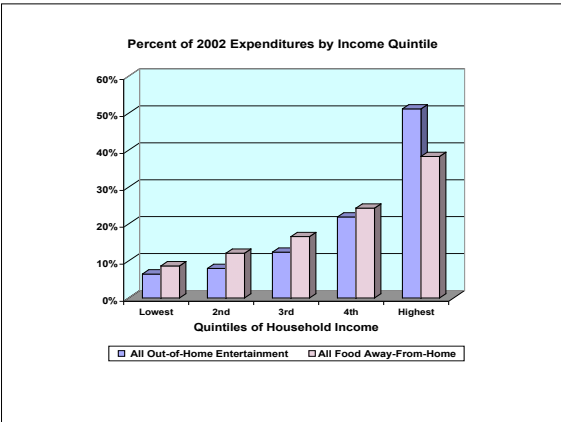
**Index of Household Spending 2001-2002**

Annual Household Income	Entertainment-Away-From-Home (Index)	Food-Away-From-Home (Index)
< \$5K	180	150
\$5K-9.9K	100	80
\$10K-14.9K	100	100
\$15K-19.9K	120	120
\$20K-29.9K	180	150
\$30K-39.9K	250	180
\$40K-49.9K	320	220
\$50K-59.9K	400	250
\$60K-69.9K	500	300
\$70K-79.9K	550	350
\$80K-89.9K	800	400
\$90K+	1200	500



**Percent of 2002 Expenditures by Income Quintile**

Quintiles of Household Income	All Out-of-Home Entertainment (%)	All Food Away-From-Home (%)
Lowest	~8	~10
2nd	~9	~14
3rd	~14	~18
4th	~24	~27
Highest	~53	~40



### Key Market Indicators

- Number of families with children
- Number of children by ages of play
- Growth of # of children
- Average family incomes
- Family income distributions
- Market distribution of family incomes
- Families below poverty level
- Educational attainment
- Employment/occupation
- Socio-economic/lifestyle of children families
- Distribution of target market by drivetime

### Targeting a niche market

If you try to be all things to all people, you only end up not being special to anyone.

To be success, you need to target the niche market you want to become special to by:

- ❖ Type of group
- ❖ Ages of attendees
- ❖ Socio-economics/lifestyles
- ❖ Type of experience

### Focused assortment

A mix and features that are focused on delighting a defined market niche

### Four family markets

- Children 2-7 years with parents
- Children 8-12 years with parents
- Children 2-12 yrs with parents
- At-home moms with preschoolers
- 4.1 - grandparents with grandchildren



### Family households with children

In 2003 - 25 million US families

- 60% with children > 12 yrs.
- 39% with children 6-11 yrs.
- 37% with children > 6 yrs.
- 33% with children > 5 yrs.

The vast majority of family visits consists of parents with children 12 years and younger



At some agritainment facilities:  
40%+ of children >4 years



## The family marketing equation

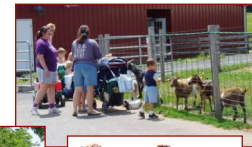


1. Mom is in the driver's seat
2. The children are sitting next to her the navigators, and
3. If the husband is along, he is sitting in the back seat paying the bills (*poor dad!*)

## At-home moms

- 30% of all married-couples with children < 15 years
- 35% of all married-couples with children < 6 years. In some markets as high as 60%
- 60% have incomes \$40,000+

At-home moms with preschool children can be high repeat customers



## Today's at-home mom

- No Harriet
- 2/3's preschool moms are Generation Y
- May have already succeeded at a career
- Helicopter mom
- High expectations
- Uses internet to research family destinations



## Mom's should be your primary target market



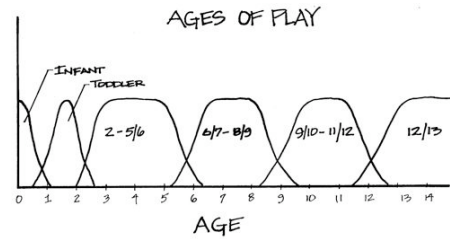
### Women control

- 83% of all product purchases
- 92% of family vacation decisions
- Probably 90%± of family decisions to visit your farm

*Also target the children, as today, most children are consulted on family decisions*

## Children's ages of development (play)

Infants	up to 10± months old
Older Infants & Toddlers	10± months – 23± months
Two-year-olds	24± months – 35± months
Preschoolers	3± years – 5/6 years
Early Grade Schoolers	6/7 years – 8/9 years
Tweens	9/10 years – 12± years
Young Teenagers	13± years – 15± years
Older Teenagers	15± years – 17/18 years



## Children's basic age groupings for play & entertainment

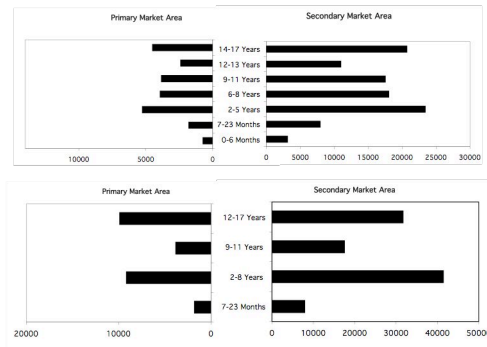
toddlers & 2's (strollers)

3 – 7/8 year-olds

8/9 – 11/12 year-olds (tweens)

teenagers

AGES OF PLAY - 2001 CHILDREN



## Attraction Matrix

	Toddler	3-5	5-8	Tween	Teens	Family	School groups	Church groups
Restaurant/Café								
Labyrinth								
Miniature Golf								
Bumper Boats								
Go-Karts								
Animals								
Train								
Carousel								
Foam Factory								
Bumper Karts								
Redemption & Games								

## Attendance & Financial Projections

## Projections

- Attendance by type attendance
- Attendance by age group
- Operating capacity & throughput requirements
- Parking requirements
- Prices
- Per capita revenues
- Annual revenues
- Cost of goods sold (COGS)
- Operating expenses
- Cash flow from operations
- Debt service
- Cash flow after debt
- EBITDA
- Depreciation & amortization
- Taxes
- Profit
- Return on investment

## Type of revenues

- General admission, attraction fees & armbands
- Food & beverage
- Birthday parties & celebrations
- Other groups
- Field trips
- Sleep-overs (lock-ins)
- Day camps
- Classes & workshops
- Retail
- Sponsorships
- Advertising

$$\begin{array}{c} \text{Annual attendance} \\ \times \\ \text{Per capita expenditures} \\ = \\ \text{Annual revenues} \end{array}$$

$$70,000 \times \$12 = \$840,000$$

PROJECTION WORKSHEET For Children's Centre

All amounts are in AED

Cost Category	Annual Attendance	Admission & Event Per Cap	Food & Beverage Per Cap	Games Per Cap	Retail Per Cap	TOTAL Per Cap	Admission & Event Revenue	Food & Beverage Revenue	Games Revenue	Retail Revenue	TOTAL Revenue
General Admission											
Children	15,000	15.00	7	8	0.2	29.2	225,000	111,876	127,862	3,187	3,187
7-20 mos.	22,000	22.00	8	12	0.2	40.2	2,211,244	246,360	804,284	16,380	16,380
2-6 yrs.	30,000	30.00	8.7	11	0.2	49.9	2,334,234	837,442	1,121,246	19,702	19,702
Total/Avrg Children	67,000	25.64	14	4	0.2	33.8	1,226,222	695,781	222,686	3,869	3,869
Parents	148,233	18.96	10.5	9	0.2	39.5	2,809,832	1,549,202	1,318,282	28,847	5,706,362
Total/Avrgage Ad											
Per Cap	For Events Based on in Addition to Food & Beverage, Games, and Retail Included in Revenue										
Birthday Parties											
Children	75,491	40.5	0	4	0.2	45	2,872,081	0	253,264	14,008	3,281,744
Adults	22,225	17.2	0	1	0.2	18.4	832,217	0	35,740	7,240	875,202
Total/Avrgage Ad	119,233						3,698,298	0	289,004	21,247	3,988,549
Subtotal	289,474						6,415,586	1,549,202	91,094	9,900,490	
Enrichment Classes	7,200	35	0	0	0.1	35.1	252,000	0	0	120	252,120
Field Trips											
Preschool	8,800	18	0	0	0	18	158,400	0	0	0	158,400
Grade School	15,000	30	0	0	0	30	280,000	0	0	0	280,000
Summer Camps	4,000	20	0	0	0	20	80,000	0	0	0	80,000
Total/Avrgage Ad	27,800	18.2	0	0	0	18.2	498,400	0	0	0	498,400
Summer Camps	3,200	50	0	1	0.1	51.1	114,000	0	2,280	220	116,500
Pond Rentals	3,900	9.5	10.5	9	0.2	29.1	36,984	49,720	35,100	780	113,584
Sleep Overs	3,300	50	12	12	0.3	74	81,000	14,400	14,400	360	96,160
TOTAL/Avrgage Children Attend	289,934	24.6	9.3	9.7	0.18	35.8	7,366,684	1,564,362	1,362,882	63,782	10,727,608
Adults Attend	18,107										

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## Simplified cash flow statement

Cash Receipts	\$100,000
Expenses:	
Labor	\$25,000
Cost of Goods Sold	<u>10,000</u>
	<u>(35,000)</u>
Gross Profit	65,000
Other Expenses	<u>(15,000)</u>
Cash Flow from Operations	50,000
Less:	
Debt Service (int + prin)	15,000
Replacements	20,000
Taxes	<u>5,000</u>
	<u>(40,000)</u>
Cash Flow	\$10,000

## Conversion of cash flow to EBITDA (earnings before interest, taxes, depreciation & amortization)

Cash Receipts	\$100,000
Expenses:	
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Gross Profit	65,000
Other Expenses	<u>(15,000)</u>
Cash Flow from Operations	50,000
Less:	
Debt Service (int + prin)	15,000
Replacements	20,000
Income Taxes	<u>5,000</u>
	<u>(40,000)</u>
Cash Flow	\$10,000
Add back:	
Debt Service (int + prin)	15,000
Replacements	20,000
Income Taxes	<u>5,000</u>
	<u>(40,000)</u>
EBITDA	\$50,000

## Simplified profit & loss statement

Revenue	\$110,000
Expenses:	
Cost of goods sold	10,000
Gross profit	100,000
Other expenses	(40,000)
EBITA	60,000
Less:	
Interest	10,000
Taxes	5,000
Amortization (depreciation)	15,000
	(30,000)
<b>Profit or Loss</b>	<b>\$30,000</b>

## Cash-on-cash return (pre-tax)

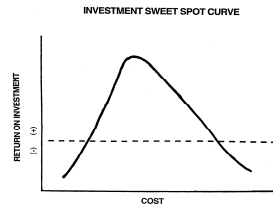
Cost	\$2,000,000
Debt	\$800,000
Capital	\$1,200,000
Annual Attendance	130,000
Per Capita Expenditures	\$12
Annual Revenues	\$1,560,000
Annual Expenses	\$1,170,000 75%
Annual Cost Flow before Debt	\$390,000 25%
Debt Service	\$94,000 11.75% constant
Annual Cash Flow after Debt	\$296,000
Annual Return on Cost	19.5%
Annual Return on Capital	37.0%

Pro Forma Projections of Annual Revenues, Expenses & Cash Flow					
REVENUE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Duffel Plaza/FCC area					
F&B Revenue	\$ 1,943,395	\$ 1,888,385	\$ 1,945,016	\$ 2,003,365	\$ 2,063,467
Entertainment Event Fees	883,147	883,147	883,147	883,147	883,147
Concess (inc with birthday parties & groups)	883,147	883,147	883,147	883,147	883,147
Guaranteed Duffel Plaza/FCC area	2,688,154	2,688,154	2,688,154	2,688,154	2,688,154
Birthday Parties	789,084	812,458	865,432	909,245	1,018,922
Look-into-First From Parties	43,200	43,200	43,200	43,200	43,200
Fund Raiser Groups	12,000	24,000	31,800	32,700	33,600
Other Groups	12,000	24,000	31,800	32,700	33,600
Brand Merchandise	32,000	41,200	42,436	43,700	45,000
Non-Merchandise	12,000	24,000	31,800	32,700	33,600
Non-Merchandise Revenue	24,000	48,000	63,600	65,400	67,200
<b>TOTAL REVENUE</b>	<b>6,818,838</b>	<b>6,818,838</b>	<b>6,818,838</b>	<b>6,818,838</b>	<b>6,818,838</b>
<b>COST OF SALES</b>					
Labor & Benefits	1,338,313	1,338,313	1,338,313	1,338,313	1,338,313
F&B (inc birthday parties & groups)	583,010	583,010	583,010	583,010	583,010
Entertainment Event Fees, Tickets & Taxes	188,821	188,821	188,821	188,821	188,821
Guaranteed Look-into-First	883,147	883,147	883,147	883,147	883,147
Birthday Parties (inc parties)	123,121	149,153	153,889	159,276	163,524
Look-into-First From Parties	43,200	43,200	43,200	43,200	43,200
Fund Raiser Groups (inc parties)	1,200	2,400	3,180	3,270	3,360
Other Groups (inc parties)	1,200	2,400	3,180	3,270	3,360
Brand Merchandise	12,000	15,400	16,174	16,644	17,114
Non-Merchandise	1,200	2,400	3,180	3,270	3,360
<b>TOTAL COST OF SALES</b>	<b>2,888,838</b>	<b>2,888,838</b>	<b>2,888,838</b>	<b>2,888,838</b>	<b>2,888,838</b>
<b>GROSS PROFIT</b>	<b>3,930,000</b>	<b>3,930,000</b>	<b>3,930,000</b>	<b>3,930,000</b>	<b>3,930,000</b>
<b>OTHER OPERATING EXPENSES</b>					
Supplies used in "Cost of Sales"	50,000	50,000	50,000	50,000	50,000
Marketing & Maintenance	10,000	10,000	10,000	10,000	10,000
Professional Fees & Consulting	10,000	10,000	10,000	10,000	10,000
Advertising, Marketing & Collateral	10,000	10,000	10,000	10,000	10,000
Travel Expenses	10,000	10,000	10,000	10,000	10,000
Professional Fees & Consulting	10,000	10,000	10,000	10,000	10,000
Guaranteed Look-into-First	883,147	883,147	883,147	883,147	883,147
Guaranteed Birthday Parties	123,121	149,153	153,889	159,276	163,524
Guaranteed Look-into-First	43,200	43,200	43,200	43,200	43,200
Guaranteed Fund Raiser Groups	1,200	2,400	3,180	3,270	3,360
Guaranteed Other Groups	1,200	2,400	3,180	3,270	3,360
Guaranteed Brand Merchandise	12,000	15,400	16,174	16,644	17,114
Guaranteed Non-Merchandise	1,200	2,400	3,180	3,270	3,360
<b>TOTAL OPERATING EXPENSES</b>	<b>883,147</b>	<b>883,147</b>	<b>883,147</b>	<b>883,147</b>	<b>883,147</b>
<b>CASH FLOW before debt, depreciation, amortization &amp; income taxes</b>	<b>\$ 3,046,853</b>	<b>\$ 3,046,853</b>	<b>\$ 3,046,853</b>	<b>\$ 3,046,853</b>	<b>\$ 3,046,853</b>
<b>EBITDA</b>	<b>\$ 1,223,075</b>	<b>\$ 1,223,075</b>	<b>\$ 1,223,075</b>	<b>\$ 1,223,075</b>	<b>\$ 1,223,075</b>
<b>Cash-on-Cash Return on Cost</b>	<b>18.8%</b>	<b>18.8%</b>	<b>18.8%</b>	<b>18.8%</b>	<b>18.8%</b>

## Cost Estimates

## Often a Fatal Error

Underestimating the cost of delivering the required guest value to obtain the desired results



## Value Engineering

A organized approach of optimizing both cost and performance at the beginning of a project – at the beginning of the design process

versus

Engineering out all the guest value after the design is completed



### Cost Estimate

- Events & Attractions
- Furniture, Fixtures & Equipment
- Site Improvements
- Building & Interior Improvements
- Theming/Décor
- Shipping & Installation
- Use Tax
- Soft Costs
- Start-up Inventory

### Things often overlooked

- Sales/use tax
- Freight
- Storage
- Security/alarm systems
- Cleaning equipment
- Data wiring
- Spare parts
- Design, consulting, research
- Printing, overnights, travel
- Permits
- Training
- Pre-opening expenses- utilities, insurance, etc.
- Pre-opening payroll
- Pre-opening marketing collateral
- Prepaid expenses - insurance
- Legal & accounting
- Financing costs
- Contingency

Construction costs have  
increased 12% in the last year

### Disney formula of success:

“What’s our success formula?  
It’s attention to infinite detail,  
the little things, the little,  
minor, picky points that others  
just don’t want to take the  
time, money, or effort to do.”

John Hench  
Disney Imagineer

### Major barriers to successful design

You are not your guest!

**Androcentrism**  
(male-biased design)

**Cohort-centrism**  
(generation-biased design)

### Other barriers to successful design

- Lack of good base survey, topography and as-built plans
- No master plan
- Not right-sizing all components
- Not planning for expansion
- Not staying true to the brand

## Selecting a designer/architect

*Local architects are generalist*



Agritainment is a very specialized type of facility that requires expert knowledge of the business and how design impacts success

## Phases of design

### Architectural, interior design, MEP

- Program
- Concept plan
- Preliminary plan
- Design development
- Construction documents & specs

### Furniture, fixtures & equipment

- FF&E preliminary design/selection
- FF&E design/specifications
- FF&E procurement

## Your brand = Your identity

Every aspect and element of your business, its facility, its operation and your organization contributes to your brand identity, good or bad.

Branding is about the totality of your guests' experiences. Your brand is about everything you do which impinges on the consciousness of the guest and, more importantly, it is about everything s/he thinks you do and are.

### Brand Elements (all need to be consistent)

Mission statement	Easy of navigation/use
Logo	Collateral materials
Slogan	Advertising
Graphic style	Wayfinding
Typography	Architecture
Name	Interior design
Color scheme	Landscape design
Stationary	Décor & theme
Business cards	Trade dress
Web site design	Uniforms
Web site download time	Signs
Mascot	Uniforms

## Agritainment has a pre-established general brand identity

### for parents:

- nostalgia*
- wholesome*
- outdoors*
- fresh food*
- fun for children*
- educational for children*

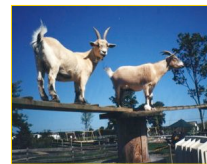


### for children:

- fun*
- animals*



## You need to take agritainment and turn it into your own special brand identity



## Stay true to the brand

- keep it 'farm' authentic
- tell your story
- not too slick
- avoid upfront technology
- maximize the appeal of the outdoors and nature, a farm experience, fresh food & animals

Women are not a niche market, they are the majority market—they control 83% of all product purchases and 92% of all vacation decisions.



Market research has proven time and time again that the primary thing women want, as people and consumers, is relationships. They want to understand what a brand stands for on the whole and whether the brand's image, philosophy and/or ethics are in sync with their own.

Companies that demonstrate a sense of social responsibility stand out in the world of increasingly undifferentiated goods and services.

A very important part of peoples' emotional bond with a brand is knowing that the brand not only behaves well for them, but that it is actively involved in making the world a better place (is socially responsible) – 'Citizen Brand.'

## Emotional relationship

Guest service is so important, as without it, everything else is hype. You can't have an emotional relationship based on hype. When given a choice, people will always vote for brands that make them feel loved!

## Agritainment theming errors

- Mistaking the farm environment for the experience, rather than merely the set within which experiences occur
- Thinking your farm theme permits your underlying goods and services to be of lower quality
- Not creating your own unique farm brand based on your story

## Eliminate negative clues

The best theming is destroyed by the addition of things that don't fit



## Mascot

## “New Luxury” or “Affordable Luxury” Offerings

Americans are willing, even eager, to pay a premium price for goods and services that possess higher levels of quality, taste and aspirations.

Know as “trading up”

## New Luxury Examples

- Panera Bread
- PF Chang’s China Bistro
- Cheesecake Factory
- Victoria’s Secret
- Williams-Sonoma
- Pottery Barn
- Restoration Hardware
- Starbucks
- Callaway Golf

Target vs. Wal-Mart

## New Luxury companies

- 20% of a category’s volume
- 40% of its dollar volume
- 60% of its profits

Turns the classic demand curve on its head

Volume increases with price rather than decreases

## Family-friendly

Meeting the needs for both parents and children (*duality of design*)

No need to adapt to the environment

Family-friendly staff

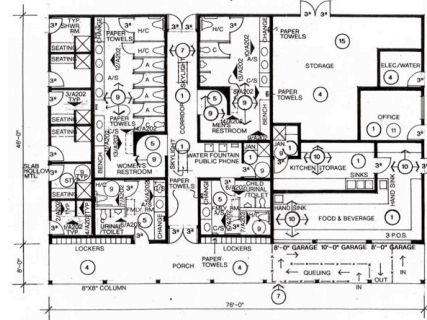
## Making it work for parents (mom)

- clean & sanitary
- restrooms
- security (abductions)
- safe from injury & disease
- visibility & monitoring
- shade
- seating
- zoning for young children
- fun for child
- educational (edutainment) for child
- Website
- food & beverage

## Restrooms



- child size & height sinks
- children's toilet
- dedicated diaper changing
- clean & bright
- room for strollers
- family restroom
- potty parity



## Dedicated diaper changing

Permanent counter with space for:

- changing
- paraphernalia
- hand wash sink

Not this



Universal design urinal



## Porta potties



- handicap size
- keep clean
- outdoor sinks with soap & running water
- separate diaper changing area

## Shade



### Great shade example



### Orientation & Wayfinding



### Seating & Visibility

### Stroller, ADA and grandparent friendly wagon loading



### Strollers



### High chairs



this



not this



### Booster seat



### Infant cradle



## The importance of a Web site

To Gen-Y & Gen-X moms, you will only be as desirable as your Web site portrays you.

They want meaningful & honest information:

- who you are
- what you offer
- where you are
- hours & prices
- photos
- contact information

Check out [www.davisfarmland.com](http://www.davisfarmland.com)

## Making it work for children



## Child Development

Understanding it is key to successfully designing for children



## What makes it work for children

- affordances for desired behavior
- variety
- developmentally appropriate
- anthropometrics
- scale of space
- zoning
- visibility

## Children read environments differently than adults

Adults see the environment as the background for events. They experience it vicariously; they enjoy its form, shapes, and aesthetics. They understand its socially acceptable use.

## Children & the environment

Children look for the environment's affordances – opportunities the environment “affords” them to do things – how they can interact with it.

Children interpret the environment in terms of its possible interactive function rather than its form.

Children are biological programmed to explore and interact with the environment as a part of their development.

## How a child sees a rock



Small rock *affords* grasping & throwing



Large rock *affords* stepping on, looking under or climbing on

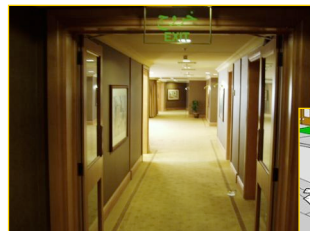
## Uses for a couch



"Just a minute, Mommy! We're on final approach!"

Also good for bouncing on, sprawling out on, climbing on, jumping over and hiding behind

## What does a long hall *afford* a child?



## Child not misbehaving

Doing exactly what her brain is biologically wired to do, based upon the environment's affordances and her developmental age.

Fulfilling her developmental task - to explore and interact with the environment

When a child behaves in an environment in a way adults see as improper, most often it is the adults' fault for not designing the environment appropriately for the child

Adults' challenge is to design the environment to obtain the desired behavior--to plan the *affordances* by design





### Children's Boredom

- Mismatch between what children have ability to do and what they are expected or want to do
- If challenged beyond their ability, become anxious and claim boredom as a defense
- If not challenged enough, they're bored
- In both cases, bored child will find ways to be challenged by climbing, running or other activities that match their ability

### Children need environments with high degrees of:

- challenge
- diversity
- novelty
- complexity

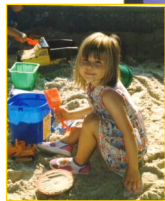
Children's developmental tasks and skill levels change as they age

Their physical, intellectual & social skills are constantly advancing

Environments must offer  
*graduated challenges*

Children want to explore, manipulate and transform the environment, to have control over it

Loose parts that children can manipulate, move and construct with are much more engaging than static equipment



### Children's imaginations

Environment needs to:

- promote and support imaginative pretend play with props and loose parts
- be open-ended so children can use their imaginations to develop their own play scripts

### Children are biologically wired for pretend play

Pretend play is nature's way of programming children with a pleasurable activity that teaches them about the world around them and how to become a part of society

One of the unique qualities of pretend play is that it has high repeat appeal

Children create their own play scripts

The scripts constantly change, so the play is different every time



Open-ended with loose parts and continually changing play scripts



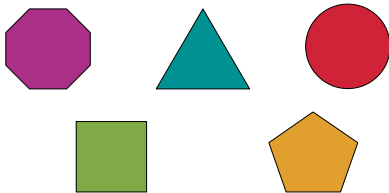
Children are more interested in the process of using the environment and loose parts than achieving an end result



### Developmentally appropriate play

- Highly pleasurable
- Process-oriented, non-goal directed
- Child-initiated and self-initiated
- Activity of the mind, the imagination
- Free of imposed tasks or adult-imposed rules
- Hands-on, participatory
- Open-ended

### Children prefer complex colors



### Age appropriate play

toddlers & 2's  
3 – 5 year-olds  
6 – 8/9 year-olds  
tweens  
teenagers  
the family together

Children want to be empowered.  
They want to feel competent.

### Child-scaled environments

- Higher the quality and complexity of play
- More focused play
- Lengthens duration of play (delays boredom)



Different activity areas need to be well defined with child-identifiable boundaries



Undefined open areas are not successful

### Proper adjacencies & zoning

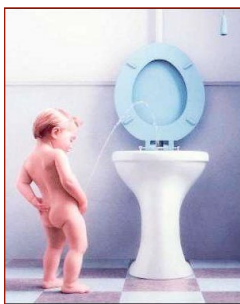
- quiet
- active
- messy
- age



### Warning

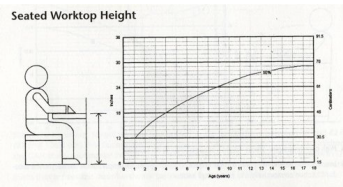
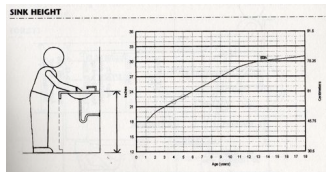
The following slide may be offensive to some viewers.  
Audience discretion advised.

Anthropometrics is very important



### Anthropometric issues

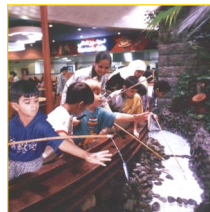
- height
- reach
- eye level
- seating
- step height
- restrooms



## 4.5-year-olds' view



## Inches make a difference



## Laws & regulations

- Americans with Disabilities Act (ADA)
- Consumer Product Safety Commission (CPSC)
- American Society of Testing Materials (ASTM)
- Health department
- State ride regulations
- Other governmental laws and regulations

## ADA Guidelines & Rules affecting play & recreation facilities

ADA Accessibility Guidelines for Buildings and Facilities

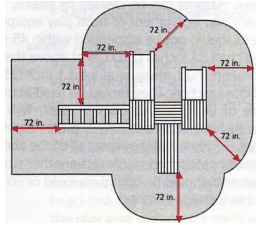
ADA Accessibility Guidelines for Buildings and Facilities;  
Building Elements Designed for Children's Use

ADA Accessibility Guidelines for Buildings and Facilities;  
Recreational Facilities (this includes playgrounds and  
petting zoos)

## CPSC Handbook for Public Playground Safety Model Law on Public Play Equipment

- Height of equipment
- Use (fall) zone
- Safety surfacing
- Head & finger entrapment
- Strangling hazards

## Use (fall) Zones

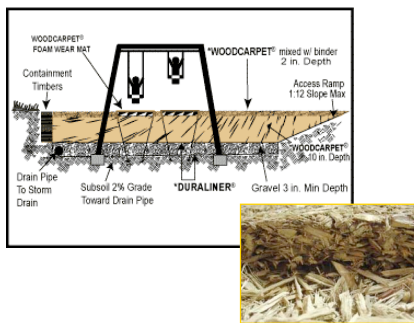


## Safety surfacing

- Engineered wood fiber
- Poured-in-place rubber
- Rubber tiles
- Pulverized rubber

*Sand, gravel and wood chips do not meet ADA accessibility requirements*

## Engineered wood fiber



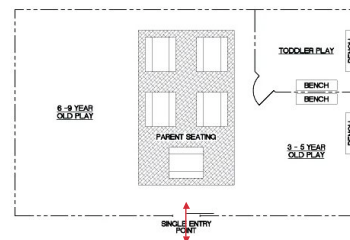
## This does not meet safety requirements



## Age zoning of play equipment

Infants & toddlers  
2-5 year-olds  
Early school age

## Prototype playground layout







### Children love animals

Young children feel a natural kinship with and are drawn to animals, especially baby animals

Children instinctively interact with animals

Children > 6 years – 80% of their dreams are about animals

90% of characters in preschool children's books are animals

Dominant appeal is to children 2 to 7 years-old



Children love things smaller than themselves & larger than themselves




## CDC research on E. coli infections in 2000 at two farms

### Findings:

- contact with cattle
- activities promoted hand-mouth contact, nail biting, purchasing food
- animals not in separate area
- lack of convenient handwashing



This



Not this



## Safety with animals

1. no cattle
2. animals in separate area away from food & beverage, play areas, etc.
3. handwashing with soap & running water at exit of animal area with signage
4. signage at entry to facility

## SIGN FOR GENERAL ADMISSION TO FARM AND AT ENTRANCE OF ANIMAL PETTING AREAS

\*\*\*\*\*

### SAFETY TIPS

NAME OF FACILITY has created the following rules in compliance with suggestions from the Center for Disease Control to protect you and your family. Please note that harmful bacteria may be present in animal areas.

- Wash hands with soap and water upon leaving the animal area or touching animals.
- Supervise young children while washing their hands.
- Do not eat or drink in the animal area or before washing hands with soap and water.
- Please put away baby bottles, pacifiers, and children's toys before entering the animal area.
- People of high risk such as pregnant women, the very old, the chronically ill and those with compromised immune systems should avoid animal contact.

Thank You

## SIGN AT HANDWASHING STATION

\*\*\*\*\*

### SAFETY TIPS

AFTER LEAVING ANIMAL AREAS OR TOUCHING  
ANIMALS

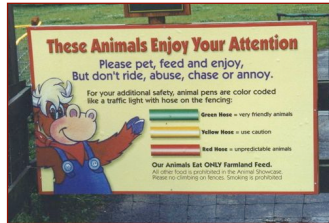
### WASH YOUR HANDS

Supervise young children while washing.  
Use SOAP and WATER.  
RUB hands together for 20 seconds.  
WASH back of hands, lower forearms, wrists,  
between fingers and under fingernails.  
DRY hands with a clean paper towel.

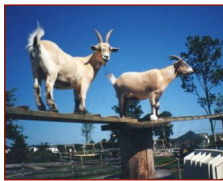
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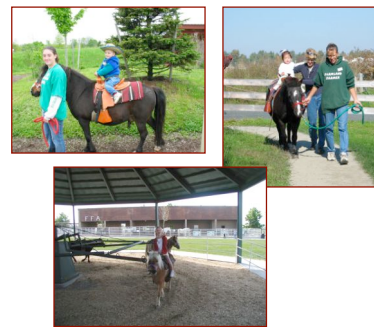




## Animal area layout



## Pony rides



## Food & beverage



## F&B success formula

Developing and operating a  
**RESTAURANT** that also  
offers agritainment

—versus—

an **AGRITAINMENT** facility that  
also offers food

- No facility is too small to not have food service.
- Food & beverage is an essential component of family socialization.
- Food & beverage can drive visits and frequency as much as, if not more than, entertainment.
- Food & beverage increases length-of-stay, per capita expenditures, market draw and profits.
- A well designed and managed food & beverage operation can generate a 40+% profit after deducting COGS and labor.
- Per caps can be \$4 - \$5.

- Ban the words “snack bar” and “concession” from your vocabulary. Think café, farm kitchen, cookout and restaurant instead.
- The public has high expectations for food & beverage and their expectations are rising every day.
- Parents’ and children’s food and beverage preferences are often different—to succeed, you need to satisfy both.

## Kid-friendly eats & treats

- feel in control, competent
- eye appeal, colorful
- hand-held
- bold flavors
- more cosmopolitan palate
- fun
- separate child's menu, not dumbed down with silly names
- language of children—pictures
- things adults dislike



## Stay true to your brand with ‘farm food’



## Farm food appeals to contemporary consumer preferences

- |           |                 |
|-----------|-----------------|
| • fresh   | • finger food   |
| • natural | • artisan       |
| • healthy | • handcrafted   |
| • organic | • locally grown |

## Raising the perceived value (& profit) of food



Make it *theatre*  
with  
display cooking

Make it an *experience*  
with do-it-yourself  
cooking



## F&B Critical Success Indicators

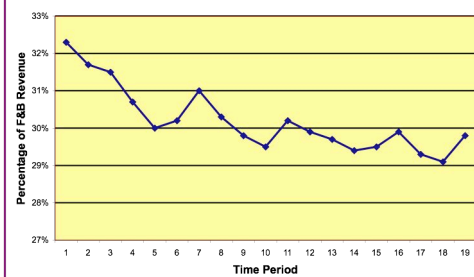
- F&B per capita expenditures
- Prime costs:  

$$\text{COGS percentage} + \text{Labor percentage}$$
- Total revenues
- Revenue by time comparisons

Example of Calculating Prime Cost		
Sales	\$50,000	100%
F&B COGS	\$15,000	30%
Payroll:		
Salaried	\$4,000	8%
Hourly	\$8,000	16%
Payroll Taxes	\$2,000	4%
Benefits	\$1,000	2%
Total Labor Cost	\$15,000	31%
<b>PRIME COST</b>	<b>\$30,000</b>	<b>61%</b>

Example of Calculating Cost of Goods Sold (COGS)	
Formula	Example
Beginning inventory	\$15,000
Plus purchases	\$4,000
Less ending inventory	(\$14,000)
Cost of Goods Sold	\$5,000
F&B revenues	\$19,000
COGS percentage (COGS ÷ revenues)	26.3%

F&B Labor Cost Percentage



## Menu Pricing/Cost of Goods Sold (COGS) Worksheet

Menu Item: <i>Adult Hot Dog on Roll</i>					
Ingredients	Product Cost	Size	Units	Item Size	Item Cost
Hot Dogs	\$10.00	4 Pounds	5 per lb.	1	\$0.50
Rolls	\$11.50	Case	72	1	\$0.16
Plate	\$15.20	Case	520	1	\$0.03
Napkins					\$0.04
Condiments					\$0.05
			<b>Total</b>		<b>\$0.78</b>
			<b>Waste</b>	5%	<b>\$0.04</b>
			<b>Cost</b>		<b>\$0.82</b>
			<b>Maximum COGS</b>	30%	
			<b>Minimum Price</b>		<b>\$2.73</b>
			<b>Selling Price</b>		<b>\$2.89</b>
			<b>COGS</b>		<b>28.3%</b>

## A profitable food & beverage operation requires:

- A well designed physical plant
- Qualified staff
- A dedicated food & beverage manager
- Policies & procedures
- Detailed training program
- A dedication to discipline, including ordering, portion control, inventory control and costing
- Quality products
- A menu in touch with contemporary guest desires and expectations
- A pleasant and clean eating environment

## Today's food issues

- low calorie
- low fat
- low/no trans-fats
- low carbohydrate
- low/no sugar
- high fiber
- whole grain
- portion size
- allergies
- fresh
- natural
- artisan
- handcrafted
- have it my way!!!!

## First USA corn maze

1993

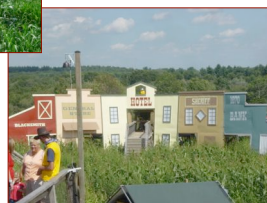
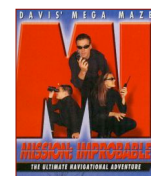
3.3 acres, 1.92 pathway miles, 142,713 square feet



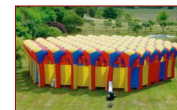
## Maze popularity?

Similarity to today's video games:

1. Individualizes the experience
2. First person experience
3. You're the star of the show
4. You're in control, you're the boss
5. Progress thru trial & error



## Mazes galore!



## Labyrinths



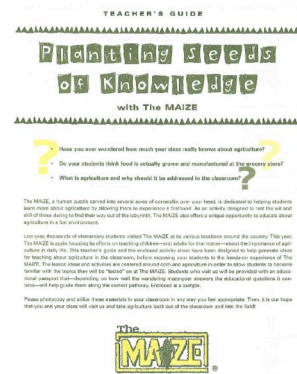
## School field trip programs need to be tailored by age & grade

- preschool
- early grade school
- middle school

State educational standards/frameworks

## School field trip materials

- Pre-trip teacher guide
  - concepts
  - learning goals
  - words/vocabulary to learn
  - pre-trip classroom activities
  - outline of on-site activities
- Facilitator guide
- Post-trip teacher guide



## School field trip flow

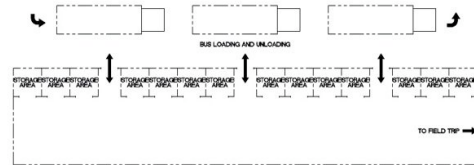
bus arrives  
bus unloading  
storage of lunches, etc.  
orientation  
activities & events  
lunch  
bus loading







## Design for the flow & safety



## Take aways

**Your 4-H Passport Through The MAZE**

We know it can be hard to find your way through The MAZE—it's designed to be that way. This passport can help guide marketing maze guests—depending on how much you know about 4-H—through the correct pathway.

What does the color white represent in the official colors?

a. perfection and purity (turn right)  
b. cleanliness and purity (turn left)  
c. high ideals and purity (turn left)

What does the color green represent in the official colors?

a. nature and growth (turn right)  
b. farming and fields (turn left)  
c. life and progress (turn right)  
d. springtime, life and youth (turn left)

How many members are necessary to form a 4-H club?

a. 5 (turn right)  
b. 10 (turn left)  
c. 12 (turn left)  
d. 20 (turn right)

Membership in 4-H is typically open to what age range?

a. 2 to 12 years (turn right)  
b. 9 to 19 years (turn right)  
c. 9 to 21 years (turn left)

## Field trip activities

- pumpkin picking
- popcorn picking
- grinding corn
- dig potatoes
- maze
- hay wagon ride

## Field trips are not limited to fall



## Other non-fall activities

- seed planting
- animals & animal care
- u-pick
- cookout
- 3 sister's garden

## low income students

### Title II Federal Education Funds

- curriculum-based field trips
- bus transportation
- field trip fees

## Other activity examples

## Families *(adults with children >13)*

Things the entire family can do together



Duck  
races

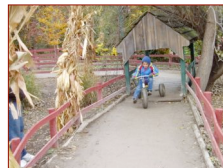




## Water Playground



## Water tables







Thank you

Randy White, CEO

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Hutchinson*  
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This presentation is available  
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