

Facility Management Trends and Servicing Demand

Major challenges:

Facility Managers have many challenges.

Four major challenges in 2007 are:

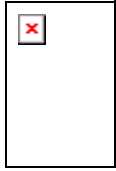
- 1 Greater emphasis on financial viability and return on investment.
- 2 Greater competition for time and money.
- 3 Greater accountability required – more reporting.
- 4 Greater emphasis on risk management.

To meet these challenges head on, we have to be much more astute and in tune with our customers. We have to deliver the right program, at the right price, at the right time, to our customers. We have to talk to our customers in their terms and deliver the benefits they want.

To do this effectively we must be aware of trends and issues which affect leisure programs, and deliver them within the context of these trends and issues.

We cannot change these issues or trends. We must adapt to these trends. The alternative is declining participation and eventual death.

Status quo is not an option.



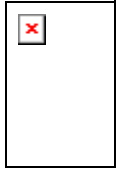
What are the major trends and issues?

- 1 We have an aging population. Baby boomers remain active, tend to have good income levels, retiring early and have reasonable retirement income.

Gen X and Y have different perspective than baby boomers. Gen X (born 1960's and 1970's) is generally marked by its lack of optimism for the future, nihilism, cynicism and lack of beliefs and trust in traditional values.

Generation Y (born 1980's and 1990's) is connected (electronically), career-minded, and confident.

- 2 People are time poor – we have more demands on our time (work, family, study, leisure). More people working part time and casual, often in more than one job. Working hours have stretched to almost 24/7, rather than the traditional Monday to Friday, 9 and to 5 pm. Creates problems for participants in regular, structured competitions especially evening training and weekend competition.
- 3 Young people tend to work in part time and casual jobs from Year 10 – do not have time for training and competition. Their work conflicts with leisure time and work takes priority. Impacts on participation in junior sport.
- 4 Legal liability issues:
 - We are a litigious society, following USA – seek legal remedies to all problems.
 - Greater emphasis on risk management
 - More responsibility on volunteers (eg volunteers in Victoria have to approve football ground is suitable for play)
 - Reducing opportunities for “risky” activities – eg roller skating in leisure centres. One of major benefits of participating in leisure activities is “thrill” this is being eliminated by sanitisation of recreation and sport.

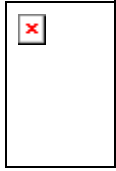


- 5 Convenience, fast food, sport
 - Participate when and where I want
 - Not willing to be constrained to a time or an organisation
 - Affected by work and study patterns and family obligations

- 6 Greater choices
 - More options are available
 - Public, community and private providers
 - Competition for participants – sports want registered members – but may be cheaper at commercial or community sports centre – results in some competitions not affiliating with State Association (eg netball and gymnastics)

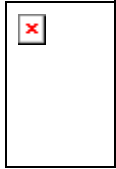
- 7 Higher expectations of consumers, expect better quality facilities and high levels of customer service. Want personalised attention from selling to program delivery. Requires skilled marketing and sales abilities.

- 8 Greater fragmentation of the market. Mass marketing approaches will not work. Need to identify small or niche markets, and develop products to satisfy their wants.



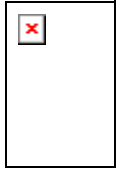
Strategies to cope with trends

- 1 Need to eliminate risk but keep thrill – manage risk and educate insurance companies.
- 2 Develop partnerships to deliver programs. Clubs and associations can run social competitions. Work through “middlemen” or “wholesalers” to attract customers. For example, vacation care programs booking into a centre based program.
- 3 Look outside your centre. Offer programs in schools and community centres. They are a source of revenue and potential long term customers. Examples include fitness activities and sports clinics.
- 4 Offer introductory sessions. Learn to play.... sports clinics for children as a precursor to participation in a regular program. Morning golf and coffee, with a bit of tuition, to introduce newcomers to golf. Don't forget it can be intimidating to enter a leisure centre for the first time.
- 5 Generate mailing lists from existing customers and use direct marketing techniques. For example we have VIP cards at our golf courses – provides a valuable source of names of existing customers. Remember the hardest marketing task is to move a non consumer to be a consumer, easier to take existing consumer and increase frequency of participation.
- 6 Improve your secondary spend income and profit margins from secondary spend. Increase point of sale selling and up selling – “would you like fries with that?” Do you need any balls and tees? How about a \$2 warm up bucket of practice balls?



- 7 Do not be afraid to employ sales people. It works in health and fitness centres. It results in increased membership and higher retention. "Service calls" provide gentle reminders to customers and encourage them to keep participating.

- 8 Don't forget the baby boomers - they refuse to grow old? Remember they are a large percentage of the population with disposable income.



Where to from here?

- Leisure centre management is a dynamic industry – you must keep moving forward. It is easier to swim than tread water!!! Continually review your product offerings, remove dead wood and replace with new programs.
- Keep an eye on incremental improvements. You do not need earth shattering big initiatives – a large number of small improvements over time can have the same effect.
- Chase niche markets, it may be easier to communicate with them and can be more lucrative. Plan your programming strategy around your target markets.
- Innovate, try new things – look to other industries for better ways of delivering, pricing or communicating your programs.