

Quality or Quantity?

A look at what will reign supreme in the **future**

What direction is our business going and what measures do we have to take to face the challenges that the future holds for us? Asking ourselves these questions and answering them is one of our main duties in managing an entertainment venue. It's the key element of strategic management.

Entertainment venues like stadiums, arenas, concert halls and congress centers are cost-intensive objects that are expensive to build and expensive to maintain. Scoring a sufficient return on investment is not an easy job. To make a profit and even to make a break-even result requires a clever business plan, an aggressive marketing approach and sharp management of costs. Only in that way is there a chance that enough cash flow is generated to be able to stay state of the art.

Actually, this is what it is all about: constant innovation to stay in the market and to keep the formula of your venue alive. The moment the venue is built and opened, we know one thing for sure: the building may be technically depreciated in 30 years, although the economic life cycle of entertainment venues is much shorter. Within three to five years after the opening, the first investment requests will come to improve the building and to apply new technology. But is there enough cash at hand for that? Was it taken in account in the long-term cash-flow forecasts?

An Aspects Analysis

To be well-prepared for the future and to be able to make an estimate of the long-term reinvestment budget, we must have a clear vision on the future developments that have an impact on the requirements of our buildings. Below we have roughly described and applied a method to get some grip on the future of our business.

The method is mainly an analysis of the different aspects influencing our future. We categorized them in five different fields.

1. General development in the society/environment
2. Marketing trends
3. Technological developments
4. Organizational developments
5. Trends concerning the content/the event

Since 9/11, the threat of terrorist attacks is constantly on the agenda. An entertainment venue is seen by the authorities as a soft target. As a result, technical and organizational measures have been and will have to be taken to carry out our responsibilities.

Trends to Watch

It took years to become convinced, but finally the subject of global warming is high on the agenda. This has and will have further impact on physical and organizational aspects concerning our venues. Not only is global warming specifically emphasized, but environmental matters in a wider sense are now in focus. Our role in steering mobility/public transport versus car traffic, waste production and waste management, energy usage and energy saving, etc., becomes more and more important. We are moving toward "the Green Building Concept" implementation.

Several future requirements of our buildings can be deduced from the market (customer) analysis. The trends we describe are noticed in the European market, but the majority can as well be recovered in the United States, Far East or elsewhere.

Venues and events taking place in them are in fact experienced as the medieval cathedral with its ceremony. Not only from the experience inside but also from its position in "the village." The build-

ing is more and more the center of the development of an entire new city. Around the cathedral the whole economic development takes place of a new city center. The events are experienced as the being-together and feel-good sensation, the place where our customers want to meet every weekend for the game or concert.

From our observation, people are more and more looking for mass experiences. In the individualized world, we feel the need to get together (community sense). Large venues like stadiums are more and more accepted for that role. For city authorities, our venues and the events are more and more valued as city marketing tools. We are often featured in promotion campaigns, and we should take advantage of that.

The types of events that we host are getting more and more diverse. How about a funeral ceremony in a stadium? Or a royal wedding party? It all happens. This means that our venues and our organizations have to get more and more multifunctional and flexible.

At the same time, we notice that the number of games played in our venue or the number of big artists performing is rather constant. That means that if we want to grow the number of activities, we will have to become more and more inventive, creating new event concepts ourselves. As part of the new event concepts, we should also develop new marketing concepts in order to get the customer to buy tickets for these events.

When we look at the existing events, especially the football games, 80 percent of the revenue is generated by 20 percent of the visitors: the VIPs. The VIPs are getting more and more important. They require customized service, so much so that we started distinguishing VIPs, VVIPs, VVVIPs, etc. These quality levels have their impact on the venue.

We have to invest in the quality of our facilities and services accordingly.

A steady market share is filled in by older people. This category has the money, they are loyal, and so they are the perfect customers. In Europe, this group is growing rapidly in number. Therefore, their market share is also growing. But this community requires investments in the facility in the form of elevators, escalators, special toilets and other special services.

A large part of the total revenue, especially with sports events, is created by selling media rights. This implicates a growing role of the media in our venues. In order to accommodate them with all their requirements, investments have to be made constantly.

Focusing on the technological developments in our business, one that stands out in particular is ICT.

Taking Care of Customers

In the marketing of our venues and events, customer care and customer relations management are the crucial aspects. In short, we want to know our customers, we want to inform, service and nurture them all the time. We want to be in constant interaction with our customers. We want to give them the feeling that they are part of the "house." The state-of-the-art IP network technology in combination with all different ICT applications will make that possible.

Very soon our special customers will be provided with a mobile phone device, with which they are constantly informed and can purchase their tickets. They will be informed on the road which route to take to the facility, and they will be identified at the gates and more. We roll out the red carpet for our customers from the moment they buy the ticket

until the moment they return home after the event.

So coming back to the initial question: Quality or quantity — what is the future?

Overseeing the developments at the moment, it seems that the emphasis is on investments to improve that quality of our facilities and services. Of course this doesn't mean the capacity is not important. The capacity should always be in order with the potential market. But once the facility is operational and the capacity is more or less fixed, we need the largest part of the reinvestment budget to keep pace with the ever-changing future developments of the world around us, the market, the venue technology and the events. Therefore, we might conclude that our future is mainly in the quality of our facilities and service. **fm**

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