



Beyond Sponsorship Dollars - The Nitty Gritty

ISEN Annual Convention

November 5, 2009 11:30 a.m to 1:00 p.m.
Paul Jamieson CFEE



The Nitty Gritty Areas

1. Food and beverage
2. Admission tickets
3. VIP experiences
4. Merchandise
5. Cost savings
6. *And your additions*



101 Key Points

- *Can you make sustainability #1?*
- The need for speed
- Know your audience and area
- People want what they want
- Understand all your competition
- Hassle factors = lost revenue
- Control the \$ or control the product
- Price – and sell – like a for profit business
- Focus on your key drivers

#1 Food and Beverage



Key 101 Points?

- Speed
- Control the \$ or the product
- Price like a capitalist
- People want what they want

General F & B Issues

- Assess profitability
- Demand estimation
- Quality
- Weather
- Going %
- Public access
- Support elements
- Product cost
- Pricing
- Location/# of sales points

Most importantly...

Establish methods to track your loss

Optimal Revenue (product used x sales \$)
Less
Actual Revenue (for that item)
Equals
Operating Loss

Lost revenue divided by optimal revenue equals loss %

Sample loss calculation

Beer barrel 15.5 gallon / 1984 ounces
14 oz. Serving (16 oz. glass) = 165 per barrel

Total barrels used 300
Optimal revenue (300 x 164 x \$4) \$198,000
Actual revenue \$160,000
Lost revenue \$38,000 or 19%
\$38,000 = 9,500 cups or 31.66 cups per barrel

Where did it go?

Not really that many options

- Barrel counts wrong
- Money counts wrong
 - Giveaways
- Poor server technique
- Server consumption
 - Theft of money

Overall alcohol/beer/wine issues

- Event type/demos
- Product mix
- Permitting
- Responsible drinking program
- Insurance
- Late night hours
- Purchasing



Specific product considerations

- Barrels vs. single servings (package)
- Domestic vs. import
- Sample control system
 - 165 x \$4 = \$660/ppb
 - "sell" to NP for \$600
 - \$60 is their possible profit
- Brands
- Mixers
- Servers
- Serving sizes
- Frozen drinks
- Punch drinks
- Full bar
- Wine

Soft drinks



- Basics Soda and Water
- Others
 - Juices
 - Sports drinks
 - Energy drinks
 - Coffee
 - Fresh lemonade/Iced tea

Soft Drink Questions

- What issues from the sale of a/b/w carry over to the sale of soft drinks?
- What are product prices and sales prices for soft drinks?
- What products are selling well?



Food sales issues & ideas

Issues

- Changing tastes
- Healthy operations
- ?
- Seating
- Staffing
- Appearance/
presentation

Ideas

- Menu / variety
- Sampler programs
- Value
- Vendor contests
- ?
- ?
- ?



#2 Admission Tickets

To gate or not to gate?
or
Improving your gate income?



To gate or not to gate?

- | | |
|--|---|
| ■ Realistic assessment of income potential | ■ Access control |
| ■ Consider all factors and ramifications | ■ Gate operations <ul style="list-style-type: none"> ■ Public ■ Service |
| ■ Provide noticeable value | ■ Pricing comparisons |
| ■ Perimeter integrity/ security | ■ In-kind trades |
| | ■ Actual ticket denotes value |

Improving your gate income?

Raising Prices

- How much of an issue is it REALLY?
- 101 – know competition, who really remembers
- Noticeable value
- Big jump vs. a bit each year



Or just selling more tickets?



- 101 Issues...
 - Selling or taking orders?
 - Show value
 - Overreliance on discounts?
- Identifying and filling your non-prime hours

Sales increase strategies

- Pre-event tickets
 - Group sales
 - Sponsor sales
 - Consignment sales
- On-line ticketing
- Gate promotions
- Using your network
- Social media
- Non-attendee research
 - Professionally done
 - Tells why people do not come
 - Identifies your hassle factors
 - Shows you where to put your efforts

Example – SF 2004 NA Survey

- 81% indicated one of three reasons
 1. Too crowded
 2. Too expensive
 3. Parking is too big a hassle
- 36% indicated a strong interest in attending if their concerns were addressed
- Concerns quantified by age groups
- Created specific “Targets of Opportunity”

#3 VIP Experiences

- Remember your demos...Boomers
- Estimated annual spending power is \$1 Trillion
 - Control 70% of US financial assets
 - In 2002, boomers accounted for over 50% of entertainment expenditures
- Generation Y / Echo Boomers
- Abercrombie, I-Phone apps, Lucky Brand, Starbucks, Club trends...

Membership programs



- For your most loyal fans
- VIP area that anyone can join
- Package of benefits
- Selling perceived value vs. real value

Private parties

- Specific locations or activities
- Great sponsor promotions
- Skyboxes
- Ensure easy access and location unobtrusive to others



VIP area



- Exclusive area and/or experiences
- High-end ticket
- Demand exceeds supply
- Portion comp'd to sponsors and community leaders

Other ideas...

- Reserved Seats
 - Party Deck
 - Gold Pass
 - Stage Right
- Overall themes...
- Individuals are selling better than groups
 - Hotter the location, better the sale
 - Finite quantity

#4 Merchandise

Everyone's (?) Top Three Questions

Are your sales declining?
What items are selling now?
Do it myself or sub it out?

Sales declining?

Generally, yes

Especially on "traditional" items such as
apparel, posters, and pins

Consider...



- Demographics
- Fashion forward design
- Apparel specialization
 - Type, color, design, sizes, gender specific
- Presentation
- Quality
- Pricing

What items are selling now?

- Band merchandise
- Branded product line
- Specialized novelty items
- Current trends/fads
- AND ???
- Or ???



In-house/licensee/shared risk?

- Purpose of program
- Sponsor issues
- Budget and cash flow
- Acceptable risk
- Sales staff
- Items to be sold
- Taxes
- Experience
- Decision making process
- Control
 - Design
 - Inventory
 - Cash

#5 Cost Savings



The Old School Way
&
The Pepperoni Pizza
Way*

(*aka *Why are you
spending this money?*)



OS Part 1 – administrative audit

- Part-time staffing
- Market comparison on salaries
- Health insurance
- Retirement plan
- Office supplies
- Computer expenses
 - Hardware, software, support, supplies
- Telephone expense
 - Local, long distance, cell
- Office equipment
- Travel/mileage
- Conference/seminar /training
- Postage expense/overnight



OS Part 1 -administrative audit

- Utilities
- Storage costs
- Rent
- Expense reimbursement
- Printing/graphics
- Cleaning service
- Accounting/audit
- Board retreat
- Dues and subscriptions
- Security alarm
- Bank/fees and practices
- Investments
- Credit card use



Old School Part 2

- | | |
|---|---|
| <p><u>Bids</u></p> <ul style="list-style-type: none"> ■ COMPLETE specs ■ Standard format <ul style="list-style-type: none"> ■ Event Specifics ■ Bid Specifics ■ Contract Specifics ■ Payment terms ■ 2nd year option | <p><u>Contracts</u></p> <ul style="list-style-type: none"> ■ COMPLETE specs ■ Standard format ■ Legal vs. Business items ■ Specified deadlines ■ Payment terms ■ Insurance prior to payment |
|---|---|

The Pepperoni Way

- Pepperoni = key drivers
- Think big (expenditures that make you money) to small (stuff that maybe only you care about)



Why are you spending this money?

What's your pepperoni?

To our customers/external

Music, location, barges, fireworks, food and drink, art show, all-inclusive, the right size crowd

Internal pepperoni / what we add

Volunteerism, community (family/diversity)

Why are you spending this money?

Pepperoni savings

- junkanoos
- shuttle busses
- entertainment
- graphic design
- board retreat
- leader shirts
- family festival?

Saved pepperoni

- entertainment budget
- waterfront real estate
- barge capacity
- art show awards
- fireworks
- media player



#6 *And your additions..*

Are there any other specific areas you'd like to discuss?



Speaker Information

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