

Grow Your Suite Sales During the Recession

Find new business categories to occupy your premium inventory

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Realistically, there is only a small percentage of the corporate market that can afford suite ownership. Consider the following breakdown:

Assume your suites lease for an average of \$200,000 per year. How much revenue would a company have to generate to afford such a level of investment? The answer depends on the profit margin of its industry, but we will use 1% of gross sales (that would equate to 5% of net sales if profit margin is 20%). So to be considered a legitimate lease candidate, a company should generate at least \$20 million in sales. Eliminating non-prospects such as retail, churches, schools, etc., there are a total of 4.9 million business-to-business (B2B) organizations in the United States. Of the 4.9 million companies, only 2.5% (124,824) have sales of \$20 million or more. By changing our parameters to those companies with minimum sales of \$40 million, only 1.2% of companies would qualify.

These figures may seem discouraging, but they confirm that suite sales professionals must become more flexible and creative moving into the future. One way to capitalize on the wants of companies to be suite holders without being limited to the size of the markets listed above is to offer suite sharing opportunities. Suite sharing allows multiple partners to enjoy all the amenities associated with a suite at a fraction of the cost. For example, four partners share a suite for the season at \$60,000 each. Your gross revenue has just increased by 20% with the suite generating \$240,000 instead of \$200,000. Using the same formula as above, \$6 million or more in annual sales becomes the qualifying threshold for companies to be suite share candidates. The marketplace at that level is three times larger than the marketplace for single lease clients: 380,906 (7.7%) companies generate at least \$6 million in sales.

ALSD Research: Keeping You Ahead of the Competition

In April 2007, Full House Entertainment Database Marketing participated in a groundbreaking suite research study with ALS D, Ohio University, and Turnkey Sports & Entertainment. The objective of the research was to determine the types of companies that lease suites: industry, size, years in business, location type, etc. The findings were shared in a breakout session led by Jim Kahler from Ohio University at the 2007 ALS D Conference. The data was also released in the Fall 2007 issue of *SEAT* magazine with the full report published in the *Journal of Venue and Event Management* (<http://www.hrsm.sc.edu/JVEM/issues.shtml>).

The research team received the suite client files from teams and venues in 25 major markets. Team/venues from each of the four major leagues were represented. After mining the data, the top 21 industries that lease suites plus a wildcard category of top manufacturing segments

was released.

A lot has changed since the spring of 2007. Companies that were customers then could be out of business now; and some industry segments that were booming are suffering now. In addition, counter-cyclical industries have emerged and are now thriving, and a viable target for suite sales.

The research team has reconvened and has categorized businesses in today's economy into three segments: growing, shrinking, and status quo. The industry's 2007 ranking is in parenthesis.

GROWING INDUSTRIES:

- 📍 Attorneys/Legal Services (2):
They are still a great target for tickets, especially bankruptcy attorneys.
- 📍 Insurance (4)
- 📍 Business/Management Consulting Services (7)
- 📍 Accounting, Auditing & Bookkeeping (8)
- 📍 Telecommunications (10)
- 📍 Beer, Ale, Wine & Liquor Distributors (11)
- 📍 Doctors Offices (13)

SHRINKING INDUSTRIES:

- 📍 Banks, Bank Holding Companies & Credit Unions (1)
- 📍 Television, Radio & Newspaper (3)
- 📍 Finance & Investments (5)
- 📍 General Contractors & Home Builders (6)
- 📍 Real Estate Agencies & Managers (9)
- 📍 Car Dealers (12)
- 📍 Mortgage Brokers & Loans (16)
- 📍 Real Estate Developers (17)
- 📍 Title Companies (20)
- 📍 Plumbing, Heating & Air Conditioning Contractors (21)

“For example, four partners share a suite for the season at \$60,000 each. Your gross revenue has just increased by 20% with the suite generating \$240,000 instead of \$200,000.”

STATUS QUO:

- Casinos (14): Consumers might not be going to Las Vegas or Atlantic City, but they are still frequenting their local casinos.
- Business Services NEC (15)
- Restaurants & Caters (18): High-end restaurants are facing difficult times, but fast food is doing well.
- Holding Companies & Other Investors (19)
- Manufacturing Categories (Wildcard)

New & Counter-Cyclical Industries:

What new industries might crack the top 21 in 2010? Here is a listing of industries that the researchers consider counter-cyclical:

1. Computers/High-Tech
2. Collection Agencies
3. Credit & Debt Counseling Services
4. Pawnbrokers
5. Check Cashing Services
6. Apartment-Related Companies: With less people buying, apartment rentals are up.
7. Educational/Training Companies: Applications for enrollment are up at trade/technical schools, traditional colleges and universities, and for-profit education options.
8. Discount Chains: Target, Wal-Mart, etc.
9. Fast Food Restaurants: Target franchise owners.
10. Auto Repair: People are not buying new cars but still need to fix their current vehicle.
11. Medical-related: Hospitals, doctors, dentists, and device companies are all good targets.
12. Remodeling Contractors: Many people are renovating their existing home instead of purchasing a new home.
13. American Recovery and Reinvestment Act: Education & training, recycling, alternative energy, infrastructure, science.
14. Self Storage

Recommendations:

The New & Counter-Cyclical Industries along with the Growing Industries are the types of businesses that teams should be targeting to fill premium seats. But do not give up on the Shrinking Industries either. An argument could be made that if a company in one of these industries is still operating, they have weathered the storm, and as the economy rebounds, so will their spending. Work to bring them back as a shared lease customer and then transition them to full ownership.

What’s Next: New & Updated Research Study

Full House has again partnered with Ohio University and ALSD to update the 2007 suite lease research. The researchers will again be focusing on the types of businesses that buy premium seating. This time, club seating customers and VIP club members have been added to the analysis. Upon completion, a report on the types of business customers at the following levels will be available:

- **Suite Lease**
- **Club Seating**
- **VIP Club/Hybrid**

Previously, the research team was successful in getting 25 teams and venues to participate. This year, the goal is to add at least 5 markets to the analysis. Data from participating teams/venues remains confidential, and non-disclosure agreements are routinely signed between the research team and the team/venue. In exchange for participation, the team/venue will receive a report ranking its top industries for each type of buyer (suite, club, VIP/hybrid). For any organization with inventory to sell, this data will be your blueprint for finding new customers in two significant ways. First, teams/venues can refocus their sales efforts on industries where success has already been achieved. Also, participants will be able to benchmark their own reports off the overall national data to see if there are industry segments they are not penetrating where there is proven national success. #

Teams/venues interested in participating should contact:
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