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DAYTA Marketing: Hospitality and Leisure

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DAYTA Marketing: Hospitality/ Leisure

GBUS Capstone

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Executive Summary

Description

On behalf of Professor Kingshuk Mukherjee's Global Business Leadership Capstone, our team extensively researched the hospitality and leisure industry with a focus on convention centers and how those establishments can utilize DAYTA Marketing's services. DAYTA Marketing fully believes in putting themselves in their customer's shoes to better understand how they can do the best job they possibly can. Therefore, we focused mainly on the mindset of the consumer, their decision making process when selecting a venue, and the current marketing strategies of convention centers for our analysis.

Objectives

The main objectives our team hopes to accomplish for DAYTA through this project is the following within the hospitality and leisure industry:

- Figure out from a consumer standpoint how he or she goes about selecting their venues
- Get to know the consumer decision-making process within this industry
- Pinpoint how we can help a client that may be a convention center and help them better book and advertise events
- Focus on "client to customer" engagement
- Investigate potential partners with venues to help attract more customers

Problem Statement

Taken from DAYTA Marketing's Executive Summary, the overall problem DAYTA Marketing is solving is, "Most small to mid-sized businesses do not effectively use digital channels for brand awareness, brand reputation, customer engagement, and workforce

engagement.” That’s where DAYTA comes in; “DAYTA provides subscription digital marketing management to organizations with 10 to 200 employees. This sector typically lacks the resources and expertise to fully execute digital marketing. By partnering with DAYTA Marketing they are able to expand their capabilities to exceed that of a full internal team.” Specifically, our team researched how DAYTA Marketing can be used to better help Convention Centers capitalize on their digital marketing platforms to generate attendance and event bookings.

Research Methods

For this project, we used the following tools of analysis:

- A strategic audit of the corporation
- Financial analysis of competing convention centers, including financial ratios and consolidated income statements
- A Business Model Canvas for products and markets
- Competitors analysis and industry using PESTLE analysis and Porter’s Diamond Model Framework.
- Find new markets and new areas in accordance with the Blue Ocean theories

Recommendations

In light of the evidence discussed in this paper, we recommend for DAYTA Marketing to advertise their services and reach out to smaller convention centers first around the state of Minnesota, then focus on expanding to other states. The reason we suggest targeting smaller convention centers is because it is less expensive for those facilities to outsource their digital marketing than it is to hire someone in house. With a larger convention center, their name is

more recognizable; therefore, they have the ability to generate a bigger income and don't necessarily need any assistance with their digital marketing platform.

Strategic Audit: DAYTA Marketing

1) Current Situation

a) Current Performance

- i) DAYTA is a small-level company moving into a mid-level company.
- ii) In 5th year of operations, fast growing social media marketing company with 100+ clients.
- iii) Operating mostly in the state of Minnesota, gaining some clients both regionally and nationally.
- iv) Voted 100 Best Companies to Work For by Minnesota Business Magazine three times.
- v) Potential of growth: Not only in Minnesota, but gaining clients in the Midwest region and eventually nationally in 10-15 years. Moving from 40 employees to hundreds of employees and gaining their own corporate building.

b) Strategic Posture

- i) Mission – *“To be an irreplaceable partner to our clients.”*
- ii) Objectives
 - (1) To build the brand, trust and help clients become a top-of-the-line company for their followers.
 - (2) To create and manage clients' social media.
 - (3) To develop new social media in web design, video and photography.
 - (4) Deliver clients with great return on investment.

- (5) To expand regionally, nationally and internationally.
- c) Strategies
- i) To legitimize social media marketing into marketing budgets of all companies. *“To redefine marketing partnerships.”*
 - ii) Provide customized strategies for each client to implement the best specific marketing strategy. *“Give your brand a voice.”*
 - iii) Build and improve all social media platforms/brand them with custom graphics and keywords to build search engine optimization.
 - iv) Create content that engages with target audiences and aligns with overall brand and marketing strategy of the client.
 - v) Provide readily available reports through the DAYTA Dashboard to track and manage the success of a client’s social media marketing strategy.
- d) Policies
- i) Make social/digital marketing a staple within marketing budgets.
 - ii) Provide clients with irreplaceable services.
 - iii) Focus on building brand awareness, customer engagement, reputation management and talent acquisition.
- 2) Strategic Managers
- a) Top Management
- i) Luke Riordan, CEO and founder since 2011.
 - ii) John Riordan, Vice President since 2012.
 - iii) Brian Myers, COO since 2015.
 - iv) Stephen Woods, Chief Technology Officer since 2015.

- v) Amy Jo Paul, Head of Operations since 2012.
- vi) Andrew Leintz, Head of Business Development since 2014.
- vii) Emily Hawkins, Head of Client Experience since 2015.
- viii) Jason Wolbeck, Head of Social Advertising since 2013.
- ix) Paige Weisbrich, Head of Creative since 2013.
- x) Erin Borrón, Head of Digital Solutions since 2015.
- xi) Danielle Barthelemy, Head of Strategy since 2016.
- xii) Positive: No major changes in top-level management since the start of the company in terms of terminations or resignation. Stable leadership with long-term additions added to top-level executives.
- xiii) Negative: No major investors in the company from the outside. Will need major investors if seeking to become a top-level marketing firm.

3) External Environment (For EFAS, see Exhibit 1)

a) Societal Environment

- i) Potential growth of market – more and more companies are turning to digital and social media marketing tools (O).
- ii) Demographical advantage – social media connects with all demographics of people, and as society gets more technologically advanced, social media will grow as well (O).
- iii) Government intervention – potential for government regulation in terms of data mining and Big Data sharing (T).

iv) Net neutrality – laws may be implemented that allows internet providers to charge consumers who use the internet more frequently higher prices. This may decrease the amount of users on the internet and social media sites (T).

b) Task Environment

i) High potential for new clients – building great relationships with current clients and media outlets gives DAYTA huge potential for new clients through reference and word-of-mouth (O).

ii) Transparency – Implementation of DAYTA Dashboard allows clients to see exactly why their social media marketing strategy is working and gives DAYTA a license to show potential clients (O).

iii) Easily Accessible Market – As more users/businesses move to social media, more competitors will make this move and dilute this growing market, possibly taking away potential clients (T).

iv) Government action – Possible government actions may limit or make advertising online more regulated (T).

v) No current eliminators in-sight – As print media and TV media are starting to become obsolete to online media, there is no new innovation in sight that would make the internet/social media obsolete. This market will be present and growing for years to come (O).

4) Internal Environment (For IFAS, see Exhibit 2)

i) Corporate Structure

- (1) DAYTA has utilized interns as a way to train potential employees without paying high salary. This has allowed the company to grow fast since many employees were first interns (S).
 - (2) DAYTA is structured as an innovative marketing firm (S).
 - (3) For now, just a mid-level company with no real regional or national brand recognition (W).
- ii) Corporate Culture
- (1) Highly innovative culture – uses clients’ competitive advantages to create strategy documents and analytics and implements new ways to market this to customer audience (S).
 - (2) Strategy meetings are held every week, and Slack (instant messaging) allows ideas and problems to be discussed in a fast and efficient manner (S).
 - (3) Top-level managers are hands-on with every facet of the business. They are also readily available to full-time employees and interns (S).
- iii) Corporate Resources
- (1) Marketing
 - (a) The market is growing exponentially as more than 80% of companies use social media/digital marketing campaigns (S).
 - (b) Strong team and understanding of the market and the needs of clients (S).
 - (c) Have developed their services to fit multiple different types of businesses in different markets (S).
 - (d) Resourceful at using current clients to gain new clients through promotions and word-of-mouth (S).

(e) Implements the same services for its clients in the marketing of the DAYTA brand and services (S).

(f) Has not reached bigger companies/clients to partner with (W).

(2) Financials

(a) Investing in operations, people and technology has positioned DAYTA well for the future growth initiatives. The goal is to be cash flow positive by the end of 2017.

(b) For company revenue, see Exhibit 4. This table lists past revenues and predictions for future revenue. It also shows number of employees now and in the future. (Revenue was the only financial information DAYTA provided; therefore, we were unable to do any ratio analysis).

(3) R & D

(a) Services and accessibility to DAYTA Dashboard and other interfaces have been top-notch (S).

(b) Use innovative and creative designs in posts, website design, and graphic design (S).

(c) Completed many case studies about possible industries to enter (S).

(d) Only one employee dedicated to researching and implementing new technological advances at DAYTA (Chief Technology Officer) (W).

(e) Servers and internet access in office frequently goes down and leaves employees temporarily unable to work (W).

(f) Spend \$250,000 annually on R&D (S).

(4) Operations

- (a) Have moved out of third-party marketing partnership (Think Creative) and are the single source for all their services (S).
 - (b) Multiple employees have been added to the operations division of the company (S).
 - (c) Uses innovative interfaces (DAYTA Dashboard) that allows uniqueness and competitive advantages to shine when compared to competitors (S).
 - (d) Relies heavily on word-of-mouth and references for new clients (W).
- (5) Human Resources
- (a) Most of the employees at DAYTA started as interns, a steady pipeline of trained employees are available every season (S).
 - (b) No union/termination issues in the office (S).
 - (c) Lose a couple of interns due to structure of internship (working with multiple different Client Service Leads). Lose some employees to bigger firms (W).
- (6) Information Systems
- (a) DAYTA Dashboard allows clients and employees easy access to social media strategy information and data (S).
 - (b) Potential implementation of more IT employees to help with technical and system issues (W).
 - (c) Downsize to one uniform mode of communication for employees, currently too many different platforms (Slack, Basecamp, Email, and Text Message) (W).

5) Analysis of Strategic Factors

- a) Situational Analysis (For SFAS, see Exhibit 3)

b) Review of Current Mission and Objectives

- i) The mission is clear and easily transferable into future endeavors.
- ii) Need to clear up some structural issues with the internship and some technical issues within the office.
- iii) The objectives are clear. Some have been attained and others have not. Soon they will need new objectives that promote the growth of the company.
- iv) Need to embrace the growing potential of the business and set clear goals to get to the next level.

6) Strategic Alternatives and Recommended Strategy

a) Embrace the Growth of the Company

- i) Fix issues with the internship and bring in more interns to work with less accounts and only one manager. This would allow consistency in expectations and would also allow for interns to see more of the business development side. Overall, interns would become more well-rounded candidates for employment.

(1) Pros: Interns would be better suited for employment after completion of the internship, interns would be able to put more focus into fewer clients

(2) Cons: This may dilute the current workload and interns may not be able to handle the work of full-time employment, more interns will cost more money

- ii) Expand the horizons – start networking with bigger companies and bring in a top-level client to set the precedent for more partnerships with top-level companies.

(1) Pros: This would allow DAYTA to get a foot in the door of some larger revenue streams from larger companies and would elevate the brand to a higher-level marketing firm.

- (2) Cons: May have to sacrifice some of the current target market in order to allocate enough resources into this project.
- iii) Find more investors whose resources would help to upgrade the technical infrastructure of the company, bring in more money to hire more employees, and help the construction of an office building for DAYTA.
- (1) Pros: This would help DAYTA transform into a top-level firm with 100 plus employees.
- (2) Cons: Investors may create a Board of Directors in which their vision might not be the vision and goals the company started with, loss of brand identity.
- iv) Expand the region – Set goals on how to move DAYTA into targeting companies in surrounding states. Make a strategic plan of how to gain clients by attending networking and showcase events in neighboring states.
- (1) Pros: This would help boost DAYTA into a bigger market and would open up the company to many new potential clients, may elevate the brand to transform from a local brand to a regional brand (eventually grow nationally and internationally).
- (2) Cons: This would take a lot of traveling and man power before actually attaining many new clients and may be too costly to venture into at the moment.
- v) Expand industries - Look into offering marketing services to additional industries, such as Hospitality and Leisure, specifically convention centers.
- (1) Pros: Consumers use the internet and social media now more than ever when looking for places to host events, DAYTA would be cheaper than hiring an employee at the convention center to specialize in digital marketing

(2) Cons: Large convention centers are already pretty established and may have successful marketing strategies already

7) Implementation

- a) Research the potential for going regional, national and international. Bring in digital marketing specialists from different regions who would be familiar with clients and the culture from the different areas DAYTA is trying to target.
- b) Recruiting some major investors could be the start to growing into a national business.
- c) Create and implement a new regimen for the internship program that would specifically make an intern into the ideal DAYTA employee.
- d) Expand the technology department and come up with more reliable and innovative technical services and servers.
- e) Research additional industries and the feasibility of success for DAYTA.
 - i) Utilize testimonials from current clients to attract new clients from various industries.
 - ii) Collect testimonials from River's Edge Convention Center, a current client who sees value in DAYTA, to share with other convention centers.

8) Evaluation








- a) Step-by-step plan must be created to help the growth of the company.
- b) A marketing and business plan must be created in order to pitch to potential investors.
- c) Specific goals should be set for the next five years to improve the technological, infrastructural, and internal weaknesses within the company moving forward (IT services, construction of DAYTA building, improvement of internship and recruitment tactics).
- d) Follow up with clients to determine where DAYTA could add more value

Value Creation to Society: DAYTA Marketing

DAYTA Marketing adds value creation to society through the following:

- Helps bring awareness to local business and events
- Sustainable-not printing all done online through social media
- Community-brings companies together and makes their marketing jobs easier
- Work life balance-work from home and commute one or two times a week to DAYTA
- Specialized person to work with the different companies-value one on one connections
- Education to the public
- Interns that are getting full time jobs within the company-saving them training costs
- Experiential working

DAYTA Business Model Canvas focusing on Hospitality and Leisure

<p><i>Key Partners</i> </p> <p>-Small to mid-sized businesses (10-200 employees)</p> <p>-Convention Centers</p> <p>-Hotels</p>	<p><i>Key Activities</i> </p> <p>-Manage digital marketing</p> <p>-Research and Development</p> <p>-Expand business capabilities</p>	<p><i>Value Proposition</i> </p> <p>-Solution for companies struggle with brand awareness, brand reputation and customer and workforce engagement</p> <p>-Social media management, social advertising, web and graphic design</p> <p>-Team 30 marketing experts</p> <p>-\$250 K in R&D yearly</p> <p>-DAYTA Dashboard</p> <p>-Best technology</p>	<p><i>Customer Relationships</i> </p> <p>-Dedicated personal relationships</p>	<p><i>Customer Segments</i> </p> <p>-Segmented</p> <p>Some companies could have slightly different digital marketing needs that they are struggling with</p> <p>-DAYTA will use different digital marketing strategies based on the different industries working with</p>
<p><i>Cost Structure</i> </p> <p>Value Driven-DAYTA offers personalized services for each company they are working with.</p>	<p><i>Revenue Streams</i> </p> <p>-Usage fee-depending on the service DAYTA offered the company</p>			

Future of DAYTA Marketing

In an interview with Luke Riordan, CEO of DAYTA Marketing, he stated, “In the next five years, I see DAYTA being the leading digital marketing partner for the market segment we serve”.

Competitor Analysis: Analyzing Competitors of DAYTA Marketing

When doing a competitor analysis of DAYTA Marketing, we did our analysis from a local perspective and from a regional perspective. The three main local competitors we found for DAYTA Marketing are St. Cloud SEO, Cohlab and Impartium Digital Marketing.

DAYTA Marketing

DAYTA Focuses on Brand Engagement, Brand Reputation, Customer and Employee Engagement.

- Product/Services: Social media management, graphic design, web design, education and speaking, social advertising and search marketing
- Marketing Profile: Small-mid-sized businesses, banks, credit unions, golf courses, apartment managers, assisted living, dental and ortho clinics, convention centers
- Strength: variety of services, specialized/friendly workers, high tech, budget, subscription based
- Weaknesses: expansion outside of Minnesota?
- Opportunities: expansion outside of MN, bigger clients
- Threats: Digital media companies

Local competitors

1. **St. Cloud SEO:** They are a web design and digital marketing company based in St. Cloud. They provide affordable search engine marketing. Their teams works to try and increase your customer base through web, services and products. They want the company they are working with to be found on a Google search easily. They pride on their open door policy and want their customers questions answered as soon as possible. More search engine focused.

Target Market: Companies who are struggling with use of social media or companies who want to have their social media controlled by professionals. Also, companies who are looking to have their websites redone and get more traffic to their business.

Marketing Strategies/Product and Service Offerings: Mobile Web Design, Web Design, SEO, Social Media Marketing. St. Cloud SEO helps companies get more business in the St. Cloud Area. They are also affordable and flexible.

SWOT:

- Strength: Affordable, flexible, local, offer a variety of services, constantly studying and keeping up to date with trends and search engine rules
- Weakness: Trying to only increase sales in St. Cloud area
- Opportunities: Increase traffic to social media sites, partner with more local companies
- Threats: Other online web design and digital marketing companies in the area.

2. Cohlab: Has locations in Bloomington and St. Cloud. They focus on Web Design, Search Engine Optimization, Search Engine Marketing and Mobile Websites. They have seen a lot of growth in the quality of programs that Cohlab provides to their clients.

Target Market: small-medium business who need assistance with social media and technology

SWOT:

- Strength: Customer service and technical excellence, 95% client retention rate, partnering with Google
- Weaknesses: only local and in the cities
- Opportunities: Expansion with bigger companies outside MN
- Threats: Other digital marketing companies in St. Cloud and MN.

3. Impartium Digital Marketing: is also located in St. Cloud, MN. They are a marketing agency that offer marketing solutions to companies. They start by getting to know your business and then they give solutions.

Target Market: Startup companies to big multinationals around the world

SWOT:

- Strength: All over the world clients, high track records
- Weaknesses: Vulnerable because of focus on startups
- Opportunities: Expand with even bigger multinationals, more connections globally
- Threats: Marketing agencies around the world

After doing a local competitor analysis, it is clear that these three competitors offer very similar services to DAYTA. DAYTA Marketing does not seem to be at a disadvantage when it comes to these three companies though.

Industry Analysis: Convention Centers (Hospitality and Leisure)

What Attracts a Consumer to a Convention Center?

There are various reasons that attract people to certain venues/convention centers, whether it is the events that are hosted at the venue, the design/location of the venue, or the ease of booking an event at that particular venue. There are many different types of events that people are interested in including: learning events, interactive events, “just-for-fun” events, and adventurous events. Hosting different events at a venue gives that venue the sense of a fun welcoming environment (Wagner).

Obviously, design and location will have a large impact whether people will book with that venue or not, but there are ways to make every venue more appealing. For example, it’s important to show renters what makes the venue unique. While people do their initial research upon booking, they typically only research deeper if they see something that catches their eye

right away. The more pictures on the site the better. People want to see what everything looks like, they will find out eventually, it just makes it more convenient if they have access online. People are also interested to know what, if any, high profile companies have rented this particular space, so name drop if possible. Publish rates; people are going to find out eventually mine as well let it known if the venue is in their budget. It is also convenient to post a generalized Google calendar for quick access for availability (Niedermeyer).

SWOT Analysis of Convention Centers:

This section involves a general SWOT analysis of convention centers across the United States.

- a) Strengths: large building/ space, capitalize on popular locations, pricing power, cost advantages
- b) Weaknesses: current market is risky for development, development concept is generally not consistent, development teams have not demonstrated market demand for convention center destinations, high staff turnover, weak management
- c) Opportunities: not many small local shows, theaters, new equipment, improving economy, opportunity to build upon other successful businesses, additional uses for neighboring community, new markets, new services, diversify
- d) Threats: Destinations, potential to increase the overall cost of living, stalled activity (if building), certain spaces are less desirable to rent (due to high crime, fiscal concerns, etc), government regulations, intense competition

PESTEL Forces

There are approximately 255 convention centers in the United States, with about \$132,127 million spent on co meeting, planning and production (Tucci). There is about 1.8 million meetings and event that occur in the United States annually, resulting in the following direct contributions to the economy. The convention center industry contributes roughly \$115

billion to GDP and employs about 1.78 million (2012 Economic Significance Study - Key Findings). Meetings and events contribute more to the GDP than the air transportation, motion picture, sound recording, performing arts and the spectator sport industries (Meeting and Event Industry Facts). People are attracted to convention centers by population and demographics, proximity to hotels and popular restaurants, safety and security of region, seasonal, and local attractions. The hospitality/leisure/convention center currently is booming. "Hotel supply growth is expected to exceed demand growth for the first time in eight years (Shapiro)." Planners are able to take advantage of the current market in order to optimize their meetings and events and in turn produce better results.

Political Factors

Revenue from hotel and other taxes are used to subsidize convention centers. Governments will continue to subsidize the building and expansion of convention centers because they believe the economic gains from the centers are worth the investment. Governments want these investments to pay off therefore elected officials are putting more pressure on convention center profitability (5 Key Trends That Will Impact Convention Centers In 2015).

Economic Factors

Convention centers can have a very positive or negative impact on the economy depending how much revenue they are generating. Most centers cause debt that hopefully can be diminished after a certain amount of time. The centers are supposed to attract business, tourism and money spent towards that city's economy (5 Key Trends That Will Impact Convention Centers In 2015). For example, typically if there is a large event at a convention center that brings in out of town guests, these people will more than likely be spending money at local restaurants and staying in local hotels.

Social Factors

Peoples' ever-so-changing taste has a large impact on convention centers. Styles and trends are constantly changing which has a big impact on the design for convention centers. With these trends continuously changing, more money has to keep being put into these buildings to keep up with the latest designs making it harder to overcome the debt. For example, new ideas are focused upon learning styles and wellness, including the introduction of more natural lighting to meeting spaces, creating more social hubs, putting speakers in prefunction areas rather than on

stage, and food and beverage stations that transition from lunch café to evening cocktail lounge (Sturken). These renovations obviously aren't cheap.

Technological Factors

Recent technology allows for planning and attending events easier. With new technology implemented it gives the convention centers a competitive advantage. The Internet and smart phones it makes it easier and faster to plan and book events. New technology also allows for better marketing for the convention centers.

Environmental Factors

It is very important for the success any business to take the environment seriously and obtain sustainable business practices. Results from a survey that was sent out to major convention centers around the United States shows the different ways in which convention centers are participating in the sustainable business practices. A few results including; 81% have a dedicated sustainability coordinator or manager on staff, 77% use third-party-certified sustainable cleaning products, 50% track and report energy used by event, and 91% have achieved or are pursuing sustainability-related certificates (Sanders).

Legal Factors

Different events hosted at convention centers call for different types of permits. For example events that involve alcohol require special permits in order to be able to serve alcohol. Another legal factor that comes into play when booking a convention center is a licensing agreement. This is basically a contract that states the total fees, terms, and information that the renter must sign upon booking.

Porter's Five Forces Model:

Threats of new entrants - Low

The threat of new convention centers entering the industry is low. This is because convention centers are most successful in large cities, and most large cities in each state already have a convention center. There is not a need for more than one convention center in a town; therefore, a threat of a new entrant is not too high. There could be a new entrant in another large

city within the state or country, but this would not be a large threat to an existing convention center.

Threats of substitutes - Medium/High

The threat of substitutes is medium to high. Consumers are able to utilize hotels, barns, arenas, outdoor venues, etc. now to hold events. Consumers like the idea of being unique and having a space that can be completely customizable. Venues other than convention centers allow them to customize and offer a unique space. However, convention centers cannot completely be substituted by these venues due to the fact that they are so large and offer a lot of amenities. When looking for a large indoor space, convention centers are sometimes the only option as a place to host an event.

Bargaining power of consumers - Medium

Consumers have a medium bargaining power when it comes to convention centers. They are able to request certain services at certain prices; however, they must be realistic. Convention centers have their set prices, but they may be flexible for repeat customers or customers bringing in a lot of revenue. Additionally, the convention center will want to book their space, so they may allow consumers to have more bargaining power at slow times in the year.

Bargaining power of suppliers - Low/Medium

The bargaining power of suppliers at a convention center is low to medium. Typically, convention centers have partnerships with particular vendors who they work with often. Both parties have a mutually beneficial relationship and experience working with each other. Therefore, suppliers are not able to bargain much with convention centers. Suppliers want to partner with convention centers because it will generate a lot of business for them. However,

suppliers will be able to bargain initially to set prices for convention centers, since orders will typically be large and essential.

Competitive rivalry - Medium

The rivalry amongst convention centers is medium. Convention centers definitely compete with one another; however, location plays a huge factor when choosing a convention center, thus eliminating some competition. Convention centers mostly compete with centers of their same size within their state, but they sometimes do not have control over booking main events due to the cyclical pattern of annual state-wide events. Convention centers draw consumers to their venue through area attractions. They generally exist to serve the community. Although there are numerous competitors within the industry, it's not very intense or threatening to established convention centers.

Competitive Analysis of Convention Centers

Financial Analyses

Overall, generating an economic impact for the surrounding community is the principal reason why convention centers exist. Clients and visitors purchase goods and services from the convention center itself, but they also purchase items from local restaurants, hotels, retail stores, arts, and other businesses. Convention centers drive economic activity to the city they are located in, provide jobs, and support surrounding commerce. In total, facilities of this nature typically have an operating deficit because the focus is ultimately on providing a greater good to the community. Therefore, when analyzing the financials of competing convention centers, it is important to also factor in how those financials affect the community and the convention center's stakeholders because ultimately DAYTA Marketing's services are designed with the stakeholders in mind. Lastly, in order for any convention center to remain competitive and

generate revenue, they need to provide services that appeal to both event planners and attendees because that will generate continuous reinvestment to the facility. This means continuous development and restructuring of current services and continuous evaluation of market trends and conducting focus groups.

For the competitive analysis, we focused on three convention centers all located in Minnesota: Minneapolis Convention Center, Sanford Center in Bemidji, and Duluth Entertainment Convention Center. To begin, we will focus on the Minneapolis Convention Center. In 2013, Minneapolis, Minnesota's investment, supported by hospitality taxes, to the Minneapolis Convention Center (MCC) generated \$17 million in local taxes, sustained 7,406 jobs, and created \$424 million in economic impact for the community. The MCC relies on both rental and non-rental revenues, which include labor, audio visual services, and food and beverage services. Generally rental rates for Convention Centers have been flat; because there is so much competition, no one place is really able to raise their rates without losing business significantly. The MCC uses industry benchmarking to compare themselves with other convention centers. "These common measures allow us to see if we are capturing revenues (rent, food & beverage, equipment, rental, and services) and operating our facility as efficiently and effectively as our peers. It also assists us in identifying areas where we can pursue more revenue-generating and cost-saving initiatives. Common metrics are functions of attendance, rentable area, and annual use days" (Minneapolisism). For the Minneapolis Convention Center to make more of an impact within the community, they rely on continuous re-investment; "For example, a Convention Center Support Fund would allow us to provide incentives to 'win' groups during need periods, an expanded welcome program and information center, as well as building greater awareness of the destination to attract and book more national and state conventions and conferences will

contribute to industry and economic growth” (Minneapolisism). The future of this convention center, overall, looks expensive. The facility is getting older, and the amount of maintenance that is going to be necessary over the next 5 to 10 years will be significant. They are currently, “undertaking a major refresh of [their] space including a new Visitor Information Center, carpet, and seating areas. Future projects include painting, more LED lighting, technology/wi-fi upgrades, and signage upgrades” (Minneapolisism). All of these upgrades are meant to enhance Minneapolis Convention Center’s efficiency and effectiveness¹.

Next, we’ll look at the Sanford Center in Bemidji, Minnesota. The Sanford Convention Center in Bemidji, MN has the following facilities: Exhibit Space (30,000 sq. ft.), Meeting Room (10,000 sq. ft. ballroom), 4 Breakout Rooms (1,000 sq. ft. each), Lobby/ Pre-function space (2,000 sq. ft.), and Arena Floor (17,000 sq. ft.). The fundamental purpose of the Sanford Center is to, “enhance the quality of life in Northern Minnesota by providing a gathering place for cultural, recreational, educational, and entertainment events” (Sanford).

Lastly, we will look at the Duluth Entertainment and Convention Center. In 2014, total net position decreased \$3.2 million, or 3.2%, over the course of year’s operations. The total operating revenue increased \$0.5 million, or 6.3%, in 2014 compared to last year. The total operating expenses in 2014 increased by \$0.8 million, or 5.8%, compared to 2013. “In 2014, net position decreased \$3.2 million compared to 2013. Total assets decreased \$3.6 million due to depreciation of \$3.8 million in 2014. Total liabilities decreased \$0.4 million due to a decrease in accounts payable and ticket office payables compared to 2013” (Minnesota).

In conclusion, through analyzing competing convention centers in Minnesota, it is clear that it takes a significant amount of money and many sponsors and funders to run each facility. Therefore, these establishments can most definitely benefit from having DAYTA Marketing run

¹ Look to Exhibit 6 for Minneapolis Convention Center Financials

their social media because it will help reduce costs of hiring someone in house to do it. That allows for the convention centers to focus their time, money, and attention elsewhere to better run the location and events overall.

Industry Trends: How Convention Centers Will Evolve to Consumer Expectations:

Flexibility and Adaptability

Consumers are looking for customizable event centers. They are expecting venues to be flexible and adaptable, rather than needing to conform to limitations of a traditional space. Convention Centers will appeal to customers by showing floor plans on their website of different ways a space can be used. (Populous)

Engagement and Variety

Along with offering a customizable space, people want to be able to move around a convention center and see different things. The convention center should provide enough space to include interactive displays and exhibits such as hi-def screens, games, challenges, virtual reality and live demonstrations. Consumers want to see a variety of vendors and activities. Additionally, breakout sessions are becoming popular at events. Convention centers should be equipped to host sessions or after-hour events in smaller rooms. There should also be a more casual and informal common area or people to gather outside of the main event (iavm.org).

Location

The location of a convention center is very important. Consumers are looking to host events at a venue that has additional offerings nearby in the city. Convention centers should highlight their local restaurants, nightlife, local tours, museums, shops and outdoor activities. They would also benefit by offering services and resources to help event attendees plan their trip to the convention center, including places to visit while in town (iavm.org).

Wellness

Consumers have a new focus on wellness today. No longer are convention centers strictly meant for hosting events. Audiences expect healthy food options, exercise rooms, yoga, a healthy integration of technology and so on. They also hope for natural light, color and access to outdoor spaces. Creating an open and welcoming environment is essential. Convention centers will need to find ways to incorporate health and wellness at their venues to appeal to consumers.

(Populous)

Technology

As with any industry, the evolution of technology will have a drastic impact on convention centers. They will need to utilize technology as a way to attract customers and stay competitive in the industry. One main way convention centers should use technology is by offering virtual tours of a space. This could also cut down on time answering questions and scheduling in-person tours. Secondly, offering an interactive, digital map of the center and surrounding area would be beneficial to consumers (iavm.org). Event bookings can also be done by a computer now, instead of a real person, which will save the company time (smartmeetings.com). Convention centers will have many way of incorporating technological advances into their venues, but they must be sure to capitalize on the opportunity.

Large Events

It is predicted that meetings will become smaller and more intimate while events will become larger and more expensive. Companies will put more money into hosting grand events while also hiring a professional event planner to ensure the event runs smoothly. Events can be a large revenue source for the company as well as a good brand builder if executed successfully. Event planning will become more strategic and include individuals high up in the organization as

well as a large committee. However, the state of the economy will always have a large impact on the convention center industry. Companies and individuals may have to cut large events to save money if the economy takes a downwards turn (smartmeetings.com). “Resort locations are generally favored for company meetings, hotels in major cities are chosen for trade shows, and conference centers and university locations are favored by government agencies” (hoovers).

Client Testimonials: River’s Edge Convention Center

River’s Edge Convention Center

The convention center was built in 1989 with the purpose of being an economic engine for the community by hosting events that bring guests to the St. Cloud area for a few days. This would allow consumers to stay in hotels, explore local shops and restaurants, and really get a feel for what St. Cloud has to offer. The convention center’s primary focus when booking events is on association conferences and consumer shows. River’s Edge advertises in the Convention and Visitors Bureau as well as in foundation magazines as a goodwill style of marketing. Otherwise, they do not utilize print advertising anymore. Instead, their focus is on social media advertising, with assistance from DAYTA Marketing.

DAYTA Marketing Success at River’s Edge Convention Center

River’s Edge Convention Center has greatly benefited from utilizing DAYTA Marketing for their social media presence. River’s Edge used to spend a lot of time and money marketing in trade and print magazine; however, since signing on with DAYTA recently, print ads have gone down and social media presence has grown drastically. The convention center went from 290 likes on their Facebook page to nearly 4,000 likes by using DAYTA. Rich Gallus, Sales

Coordinator at River's Edge, states, "Social media has been a big deal and our numbers show it. I have never had a post come from DAYTA with a minimum of 300 touches. They keep our testimonials in check and watch social media to engage. Having a company like DAYTA really helps me manage [our online presence] because they specialize in it. Without them, I would have to hire on a whole new employee." He continues to commend the Brand Manager at DAYTA who responds to content on the convention center's social media 24/7. DAYTA creates blog posts and surveys as well to market to consumers and stay connected and relevant. When asked if there is anything specific River's Edge is currently struggling with regarding advertising, Gallus replied that DAYTA is doing everything they could want right now and have helped tremendously with their online presence.

Blue Ocean Theory and New Markets of Entry

DAYTA Marketing has made it one of their mission statements to become a social marketing partner with their clients. They have done this by creating unique and specific strategies with each client and implementing those strategies in order to create the most reach and engagement with each clients' consumers. This has led to many powerful relationships that have benefited both parties. In the convention center market DAYTA has had success with this as well when looking at success stories like River's Edge Convention Center. However, we believe that DAYTA can enter new markets that help to make themselves an even greater partner to clients within this industry. DAYTA has made partnerships through specific business to business relationships but by adding some third party platforms to their already successful strategy, they could become an even more important partner with their clients. Clients like River's Edge do a great job of attracting people who live locally to their events. In fact, River's

Edge is one of the most popular event sites in the St. Cloud area and much of that success has come from the social media marketing strategy that DAYTA has helped them develop. DAYTA could make themselves even more crucial to the success of clients like River's Edge if they could connect them not only to their local markets, but to markets abroad in the state and regionally as well. We propose that DAYTA create relationships with third party platforms like Eventbrite, WingIt, and StumbleUpon to create an even bigger audience for their clients to reach. These platforms allow users to search events near them in a multitude of different ways. Users can search general events near them, or look for concerts specifically within the state, or search events by category or zip code. If DAYTA could create relationships with these third party platforms like they have with so many of their clients, they could be an integral part of bringing more clients to these third party sites and bringing their own clients to a bigger pool of people to attend their events. In the Hospitality and Leisure industry more people are searching for events to go to through sites like Eventbrite so it would create a whole new market for DAYTA where no matter if the client is in St. Cloud or Miami they can get them to a platform that more people are going to be driven to their events and more people will want to book events at these venues. This would help with the regional and national strategy that DAYTA is trying to implement within the convention center market and other markets as well. It would also help the SEO for all of their clients so it wouldn't disrupt their core business, which is the social media management role that they play for all of their clients.

In order for DAYTA to become an irreplaceable partner in the hospitality industry, it must enable its clients to become an irreplaceable partner for event planners. These decision makers are looking for venues that are located in an area that is relatively close to the market they want to reach, and situated near amenities like lodging, public transportation, and tourist

attractions. These criterion only scratch the surface when it comes to the items decision makers consider in selecting a venue – there is a lot of research that an event planner must conduct to choose a venue that is appropriate for them. As a result, an event planner will often choose the same venue for any event, because it eliminates the time and effort of having to search for a new one.

A unique challenge that event planners are faced with is when their usual venue is booked, and they are unsure of where to host their event. One of our sources expanded on this headache saying they would have to call many different venues that they know about until they find one with a schedule that fit their timeline. Considering the amount of information required to choose a venue, and the hassle of trying to find an alternative venue, a solution to the issue would be creating a platform where this information can be viewed for all venues in a particular area. Additionally, this platform would have an extensive photo gallery or virtual tour/interactive digital map that would help an event planner better understand the layout and location of the venue.

Appendix

Golf Course Interview

Initially, our group wasn't sure where to focus specifically in regards to the hospitality and leisure industry. Therefore, one of our members Megan Dobberstein interviewed her boss at the golf course to get information on their venue. Although it doesn't relate directly to convention centers, we know DAYTA Marketing is looking into golf courses and thought the information gathered would be helpful to the company. The data from the interview is shared below:

- Golf courses have a harder time booking events in the winter, early spring and late fall when the course is shut down-some people only go to the golf course to plan outdoor weddings
- Winter months are slower but still have Christmas parties, birthday parties, etc. Could do a better job at marketing the place and know the course can be open in the winter too
- Take advantage of the hills-sledding another way the course could make money in the winter
- Summer and fall are the popular seasons for outdoor weddings and hosting receptions
- When a company is working with the golf course, the event coordinator at the company is in charge of working with the event staff at the golf course to plan the event
- Marketing coordinator makes the final decision after seeing all the venues and looking at the expenses
- The difficulty in the process is finding the best deal and location if you are having company or family members come in from all different parts of the city
- Needs for the venue include: space, cleanliness, food options, price, kids accommodation, equipment-projector, TV, screen (stuff for meeting or wedding)
- Location is a huge factor- a lot of golf courses host tournaments for many companies or people that sell to their company so they need to find a common and middle location,

when you have many different companies coming together location key is even more important

- Buying motivations: price, location, food, venue looks, outside or inside
- Messaging that will resonate best with the decision maker-in face/first meeting in huge to try and sell the venue, you need to be good at communicating and quick with your replies so they know that you are a good place for them to host their event

What attracts people to the venue?

- “WOW” from the venue site-they know their information, follow up regularly
- Budget/Cost
- Fit all guests/capacity and minimums
- Formal enough/Ambiance
- Location
- Service and Amenities
- Parking- a lot, cost?
- Layout-good flow of traffic and work for the activities you will have
- Accessibility-special needs, wheelchairs
- Do you have Insurance?
- Acoustics- is there good sound, is the music too loud, can people hear from everywhere in the space?
- Close lodging
- Enough staff-is the staff good ?
- Technology-wifi, the right equipment?
- Good food and beverage options
- Color options and props
- Private venue or in a public place?

CentraCare Health Marketing and Events Interview

A group member Kelly Husmann interviewed a person at CentraCare Health in their

Marketing and Events department to get a better understanding of how they attract customers.

The data gathered from the interview is featured below:

- How do you hear about places to host events?
 - Mostly word-of-mouth. We usually stick with venues we have used in the past whenever possible
 - Typical St. Cloud venues are: St. Cloud Convention Center, local golf courses, Holiday Inn, Paramount, Regency, Gorecki Center
- What’s a challenge when looking for a venue?
 - Room size!
 - Available rooms - must book a year in advance at some places in order to secure a good room. You also need to book a room for two days sometimes, to allow for set-up, which creates additional costs and scheduling difficulties

- What is important to you when looking for a venue?
 - It's nice when a company partners with a catering company so different aspects of an event are more seamless
 - Hopefully the venue has some partners that work at the venue often
 - Location to the audience we are hoping to attract - CentraCare wants to host a lot of events in St. Cloud for convenience to target market
 - What is parking like?
 - Is there public transportation or overnight accommodations nearby?

- What is currently difficult in the process of booking events?
 - If our typical venues are booked, we don't know where to go. You kind of need to just keep calling different venues that you know about until you find one with an opening.
 - It would be nice to have some way of knowing availabilities of all venues, with other information regarding the venue, all in one spot (opportunity for DAYTA!?)
 - Taking time to gather information on multiple venues to determine what suites your event best
 - Again, it would be an opportunity for DAYTA to be able to market availabilities of multiple venues to a client. This way, a particular client can go to one source to find what they need

- Promoting deals and convenience will appeal to the decision maker.
 - If someone is looking to host an event, they will need to pick some venue. These venues need to ensure they are making themselves easily identifiable and attractive to customers
 - Companies typically have a person or a committee in charge of events and booking a venue

Convention Center Survey Questionnaire:

Professor Kingshuk Mukherjee suggested we gather data using a survey questionnaire and send it to convention centers across the nation to get first-hand feedback. The names of the convention centers, the locations, and the results are all featured below:

This is the survey we sent to Convention Centers across the United States - SURVEY (You can circle multiple choices & elaborate if necessary)

1a. What time of the year is your venue the busiest?

- a) Fall
- b) Winter
- c) Spring
- d) Summer

Comments:

1b. Specifically, what month generates the largest revenue?

2. What is your current marketing strategy/advertising strategy? Please give a brief explanation.

3. How does your venue differentiate from your competitors?

- a) Cost
- b) Location
- c) Size
- d) Landscape
- e) Package deals
- f) Other

Comments:

4. What services do you offer to consumers booking your venue?

- a) Entertainment
- b) Catering
- c) Inside/outside options
- d) Carpool service
- e) Other

Comments:

5. What information do you provide online for consumers?

- a) Cost
- b) Capacity
- c) Pictures
- d) Video footage from past events
- e) Schedule- easy access for when booking is available
- f) Other

Comments:

6. Do you think that you could benefit from a media service, such as DAYTA? Why or why not?

- a) Yes
- b) No
- c) Maybe

Comments:

7. Is there anything specifically your company is currently struggling with through advertising? Please give a brief explanation.

8. Can you explain your process for scheduling tours and booking events? Please give a brief explanation.

Convention Centers and Locations We Contacted, and Results if Responded:

West Coast convention centers:

1. California

Ontario Convention Center

2000 E Convention Center Way, Ontario, CA 91764

Phone: (909) 937-3000

Email: Form to fill out online

2) Nevada

Secret Garden

Reply from Secret Gardens for survey: Survey was filled out by their event coordinator
SURVEY (You can circle multiple choices & elaborate if necessary):

1a. What time of the year is your venue the busiest?

Fall and spring

1b. Specifically, what month generates the largest revenue?

October

2. What is your current marketing strategy/advertising strategy? Please give a brief explanation.

Market through Instagram, Facebook, Snapchat, Weddingwire and the knot to help find brides

3. How does your venue differentiate from your competitors?

Location, Size, Landscape, Package Deals and they are the only venue in town that offers outdoor receptions in the grass under bistro lights and chandeliers.

4. What services do you offer to consumers booking your venue?

Entertainment, Catering, Inside/outside options

5. What information do you provide online for consumers?

Cost, Capacity, Pictures, Video footage from past events

6. Do you think that you could benefit from a media service, such as DAYTA? Why or why not?

Maybe, would need to know more about the company being from Nevada they were not exactly sure what DAYTA fully offers

7. Is there anything specifically your company is currently struggling with through advertising? Please give a brief explanation.

No

8. Can you explain your process for scheduling tours and booking events? Please give a brief explanation.

They add tour times to their calendar with the contact information

East Coast Convention Centers:

1. New York

Jacob K. Javits Convention Center

655 W 34th St, New York, NY 10001

Phone: (212) 216-2000

<http://www.javitscenter.com/>

2) Massachusetts

The Conference at Waltham

860 Winter Street, Waltham, MA, 02451

Phone (781) 434-7499

<http://www.conferencecenteratwalthamwoods.com/>

Minnesota Convention Centers:

1. St. Cloud, MN

River's Edge Convention Center

10 4th Ave S, St. Cloud, MN 56301

Phone: (320)255-7272

Email: Rich.Gallus@ci.stcloud.mn.us (Rich Gallus)

Survey Results:

1a. What time of the year is your venue the busiest?

-There is a *cycled pattern* with weddings in the building. Our bookings depend on availability of other venues in the area. Additionally, we alternate with other venues around the state to host large events that individuals throughout the state attend.

-Definite busy and slow time (slow around holidays and summer)

-Summer - wedding and social events

-Winter - holiday parties and maintenance time

1b. Specifically, what month generates the largest revenue?

It always depends.

2. What is your current marketing strategy/advertising strategy?

The Convention Center is city property. Building built in 1989 (30 years old).

-Primary focus of booking events is on association conferences and consumer shows.

-Produced to be an economic engine for the community 180,000 square feet.

-Convention Center funds the Convention and Visitors Bureau. They market the St. Cloud area and put small ads in these some magazines just to help support the area and keep a small presence. Not too much goes into print advertising anymore. They have a goodwill style of marketing in print now by consistently advertising in foundation magazines.

-Main purpose of events at the convention center is to create hotel rooms and long-term events to get guests to stay in St. Cloud for a few days

-Used to market in trade and print magazines. Signed on with DAYTA recently and print ads went down while social media presence grew drastically. **They went from 290 Facebook likes to 4,000 by using DAYTA.**

-They use blog posts and surveys to market to consumers and stay connected

-Create and post videos of the events moving in to the convention center; however, the company using the venue will be in charge of their main marketing.

3. How does your venue differentiate from your competitors?

- a) Cost
- b) Location!!!!**
- c) Size
- d) Landscape
- e) Package deals
- f) Other

Comments:

-Competition for St. Cloud Convention Center is not so much area hotels, but Duluth Entertainment Center, Mayo Civic Center, Minneapolis Convention Center, Bemidji Convention Center, etc.

-Associations do work on rotating cycle from venue to venue within Minnesota, but location, location, location, is the huge factor to booking events. Due to their central location in Minnesota, events are more likely to come to St. Cloud than Bemidji or Duluth when rotating.

4. What services do you offer to consumers booking your venue?

14 catering options approved for the building. The Convention Center will not market specific catering options because there are so many to choose from and want to give consumers the choice. There is a parking ramp and you can bring in your own entertainment.

5. What information do you provide online for consumers?

Cost, capacity, pictures, video footage from past events, schedule - easy access for when booking is available. You can only view a schedule online, you cannot book an event. The website also lists suggestions of accommodations nearby.

6. Do you think that you could benefit from an outside marketing service? Why or why not?

Yes! We are benefiting! Social media has been a big deal and our numbers show it! I have never had a post come from DAYTA with a minimum of 300 touches. They keep our testimonials in check and watch social media to engage! Having a company like DAYTA really helps me manage this because they specialize in it. Without them I would have to hire on a whole new employee. Brand manager at DAYTA responds 24/7.

7. Is there anything specific your company is currently struggling with through advertising?

Not specifically. DAYTA has helped a lot with an online presence.

8. Can you explain your process for scheduling tours and booking events?

Kind of done above? Customers contact us and a lot of our work is repeat customers on a rotating basis. We book events any number of years ahead of time!

2) Bemidji, MN

The Sanford Center

1111 Event Center Dr NE, Bemidji, MN 56601

Phone: 218-441-4000

Email: CPansch@TheSanfordCenter.net (Cyrus Pansch)

Survey Results:

1a. What time of the year is your venue the busiest?

Fall and Winter

1b. Specifically, what month generates the largest revenue?

Fall and Spring

2. What is your current marketing strategy/advertising strategy? Please give a brief explanation.

Event Marketing/Conference Center - local with variety of every marketing medium

3. How does your venue differentiate from your competitors?

Location and Landscape

4. What services do you offer to consumers booking your venue?

Entertainment, Catering, Inside/outside options

5. What information do you provide online for consumers?

Cost, capacity, pictures, video footage from past events

6. Do you think that you could benefit from a media service, such as DAYTA? Why or why not?

7. Is there anything specifically your company is currently struggling with through advertising? Please give a brief explanation.

8. Can you explain your process for scheduling tours and booking events? Please give a brief explanation.

3) Duluth, MN

Duluth Entertainment Convention Center

_____ 350 Harbor Drive, Duluth, MN 55802

_____ Phone: 218-623-1204

_____ Email: smoore@decc.org (Sue Ellen Moore)

Survey Results:

1a. What time of the year is your venue the busiest?

Spring

1b. Specifically, what month generates the largest revenue?

April

2. What is your current marketing strategy/advertising strategy? Please give a brief explanation.

We rely heavily on marketing of our city through our CVB Visit Duluth

3. How does your venue differentiate from your competitors?

Cost, location, size, landscape, package deals. In addition, we do our own internal Catering and Expo Service which is unique in the state.

4. What services do you offer to consumers booking your venue?

Catering. This varies greatly depending on which type of client we are working with. Convention versus a dance competition, public event, or Broadway show

5. What information do you provide online for consumers?

Capacity, pictures, video footage from past events

6. Do you think that you could benefit from a media service, such as DAYTA? Why or why not?

Maybe! We are currently considering a service to help with Social Media

7. Is there anything specifically your company is currently struggling with through advertising? Please give a brief explanation.

Typically we are the building and it is our events that are doing their advertising. We work strategically at marketing directly to our target markets and associations

8. Can you explain your process for scheduling tours and booking events? Please give a brief explanation.

Our process has 3 steps and different teams: Sales, Event Planning and Operations. Nothing magic in our scheduling. Tours are based on mutual availability.

Texas Convention Centers:**Q1: What seasons are most active/profitable?**

We do not have an off peak season although the week of a holiday/spring break we are slower. But season wise we do not have a slower one.

Q2: What kinds of events are most popular at your venue?

Trade Shows and corporate meetings.

Q3: Who are your biggest competitors?

Irving CC, Hurst CC, hotels, pretty much anyone with large meeting space.

Q4: What differentiates your venue?

Rental rates and services... we offer free parking and Wi-Fi. We also have a very good location and not a lot of construction in our area.

Q5: What marketing strategy is most effective in your industry? (i.e. Word-of-mouth, viral, etc.)

word of mouth. We do not do any cold calls.

Q6: What platforms do you use to engage with consumers?

Facebook

Q7: What are the biggest challenges facing your venue/industry?

Not enough space/room for events.

Q8: What are the biggest opportunities facing your venue/industry?

Location. Just five minutes from the airport and in the middle of the DFW Metroplex we are in the easily nearby to all.

Q1: What seasons are most active/profitable?

March through July

Q2: What kinds of events are most popular at your venue?

We are a City, not a venue. Festivals are the most popular for tourists

Q3: Who are your biggest competitors?

We have different competitors in different markets. So in convention markets, we compete with other similarly sized convention centers such as Amarillo, Lubbock, Irving, etc. In tourism, we compete with other cities in Texas for tourism dollars.

Q4: What differentiates your venue?

We are not a venue. We are a destination. We are differentiated by Magnolia Market, visited by 1.2 million visitors last year, our cultural district, and several unique museums such as the Dr Pepper Museum, Texas Ranger Museum, and Waco Mammoth National Monument.

Q5: What marketing strategy is most effective in your industry? (i.e. Word-of-mouth, viral, etc.)

All of the above. We are conducting a \$40,000 digital marketing test that uses retargeting, ad networks, google and facebook ads to target potential customers.

Q6: What platforms do you use to engage with consumers?

Facebook - 32,000 followers is our most effective means, but we use twitter and instagram as well

Q7: What are the biggest challenges facing your venue/industry?

competition and keeping up with all the changes

Q8: What are the biggest opportunities facing your venue/industry?

We are fortunate to have Magnolia Market, which has changed our entire town in a very profound way.

Weekly Memos to Track Group Progress:**Week One –****1. What we have done this week:**

- a. Ellie Backes, director of marketing at DAYTA Marketing, came and spoke to our Global Business Leadership Capstone class on Tuesday, March 28 about the two projects different groups of students will be working on for that company. Our

group is responsible for analyzing the “hospitality/ leisure” industries for DAYTA Marketing. Having Ellie present in class was very beneficial for beginning our research because we were provided with more background about DAYTA Marketing itself, what they are really trying to accomplish and discover through this project, and ask any initial questions we had after reading the project descriptions.

- b. After getting a better understanding of the direction DAYTA Marketing wants to go with the hospitality/ leisure project, our team is going to begin with reaching out to contacts we have in those industries and conduct informational interviews.
 - i. Specifically, Megan Dobberstein will talk to her boss in person on Friday. Megan works at a golf course and will inquire information about Golf Course venues.
 - ii. In addition, Kelly Husmann will reach out to someone in marketing and events at CentraCare and the St. Cloud Convention Center.

2. What we are going to accomplish next week:

- a. Clarify the market and clarify exactly what DAYTA Marketing wants. Make sure the focus is EXACTLY what they are looking for.
- b. Draft a list of further questions we can ask Ellie to better conduct our research moving forward.
 - i. Are we dealing with just the buyer? Seller? Buyer and seller?
 - ii. Get the focus.
- c. When Ellie Backes came and spoke to the class, she offered a number of objectives DAYTA Marketing would like the team to investigate. Those are as follows:
 - i. Figure out from a consumer standpoint how they are selecting their venues
 - ii. Get to know the consumer decision making process with this industry
 - iii. Pinpoint how DAYTA Marketing can help a venue client (the Convention Center for example) better book events and explore more traditional routes of marketing
 - iv. Focus on client and customer engagement in this industry
 - v. Explore potential partnerships with venues and research how to get more customers to them
 - vi. Overall, DAYTA Marketing is really wanting to know what are the things that the host is thinking about when they are going through the process, what are those decision making points in regards to ultimately selecting a venue, and find solutions through digital marketing that DAYTA can approach the venue with.
- d. With these objectives in mind, for the coming week we will begin diving into better discovering the thought process for the consumer. DAYTA Marketing, as a company, really strives for putting themselves in their clients’ shoes, and our group will do just that. We cannot fully understand where this project will go or make projections about it’s future, until we understand the consumer first.
 - i. We will be investigating what consumers’ main concerns and decision-making factors are when selecting a venue.

- ii. We will look at which times of the year are most popular for scheduling events and why.
- iii. We will research and compare the success of different venues, beginning in Minnesota and then expand to nationwide to see what makes one more successful over the other.
 - 1. This involves looking at marketing strategies and comparing financials
- iv. We will also continue conducting those informational interviews with our contacts.
- v. Overall, for next week, our main objective is to understand what goes on in the consumer's mind when picking a venue and what ultimately entices them to choose one venue over the other for events. In addition, our group will begin a competitive analysis of the industry, as we compare venues across Minnesota and, ultimately, nationwide.
- e. Make a questionnaire of 8-10 questions that we can send to similar companies nationwide to compare results and compare different areas.
 - i. Survey Monkey:
 - 1. North: Minnesota, Wisconsin
 - 2. South: Texas, Atlanta
 - 3. East: New York, Boston
 - 4. West: California, Oregon
- f. Find out specifically what DAYTA Marketing really wants us to explore and discover with this project.
- g. Group Specifics:
 - i. Kelly: interview marketing and events and CentraCare and St. Cloud Convention Center and help work on strategic audit.
 - ii. Megan: interview boss at the golf course and research what attracts customers to a venue.
 - iii. Kaitlin: Start working on the strategic audit and plugging in financials.
 - iv. Tori: Research what attracts customers to a venue and compare competing venues in Minnesota's current marketing strategies.
 - v. AJ and Aaron: Research where DAYTA Marketing is currently active in the hospitality/ leisure industries. Reach out to Ellie Backes asking where specifically they want to expand most to or where specifically we should research the most. Find out what that "focus" is and see whether our objective is to promote existing events or help the venues create/ plan events that they would further market.

Week Two –

1. What we have done this week:

- a. Our team emailed Ellie Backes to get a more specific idea of the research she wants us to accomplish for DAYTA Marketing through this project.
 - i. Through this email, Ellie informed us that DAYTA Marketing is looking to focus just on Convention and Event Centers.
 - ii. They are hoping to learn more about what an event planner considers when booking a venue.

1. That will help the company better understand the business challenges Convention Centers face when trying to get their space booked.
 2. Once the challenges are understood, DAYTA can better propose a digital marketing strategy to solve those challenges.
- b. Megan Dobberstein and Kelly Husmann conducted informational interviews.
- i. Megan Dobberstein interviewed her boss at the golf course to get a better understanding of the challenges they face when booking events, which times of the year are busier compared to others and why, what their current marketing strategy is, how they can better improve on their current strategy, and what is most successful to attracting customers.
 1. Although we are not focusing on Golf Courses for this project, this information was extremely helpful in giving us a place to start in regards to what questions and information we want to gather (and information that is most crucial) when reaching out to Convention and Event Centers with questions.
 - ii. Kelly Husmann interviewed a Marketing and Events contact at CentraCare Health.
 1. In her interview, Kelly focused on the following questions:
 - a. How do you hear about places to host events?
 - b. What's a challenge when looking for a venue?
 - c. What is important to you when looking for a venue?
 - d. What is currently difficult in the process of booking events?
 2. This information allowed our group to gather more information on both the customer thought process and the Convention Center's thought process about booking events.
 3. Kelly Husmann also has a followup interview with a different contact on Friday, April 7.
- c. Tori Vogt created a questionnaire that we will be emailing to contacts at Convention and Event Centers across the United States.
- d. Tori Vogt also conducted research on the question of "What attracts customers to a venue?"
- i. Knowing this information will allow our team to give an accurate recommendation of how to digitally market Convention and Event Centers better because we know what methods are most popular at this time.
- e. AJ Eskew, Kelly Husmann, and Kaitlin Duda worked together on completing the Strategic Audit for DAYTA Marketing.
- f. AJ Eskew and Aaron Tamm researched where DAYTA Marketing is currently active and who their partners are.
- 2. What we are going to accomplish next week:**
- a. Now that we have a more narrow focus, we designated more specific tasks to complete by next week:
 - b. Kelly Husmann:

- i. Informational interview (phone call) with another contact at CentraCare Health's Marketing and Events Department on Friday, April 7.
 - ii. Send questionnaire to 2 Convention or Event Centers in Minnesota:
 - 1. St. Cloud Convention Center
 - 2. Minneapolis Convention Center
- c. Megan Dobberstein:
 - i. Create the DAYTA Marketing Business Model Canvas focusing on Hospitality and Leisure
 - ii. Send questionnaire to 2 Convention or Event Centers on the West Coast of the United States:
 - 1. California
 - 2. Nevada
- d. Kaitlin Duda:
 - i. Send questionnaire to 2 Convention or Event Centers on the East Coast of the United States:
 - 1. New York
 - 2. Massachusetts
- e. Aaron Tamm:
 - i. Send questionnaire to 2 Convention or Event Centers in the South of the United States:
 - 1. Texas
 - 2. Tennessee
 - ii. Research who are DAYTA Marketing's competitors and what are they currently doing?
- f. AJ Eskew:
 - i. Research who are DAYTA Marketing's competitors and what are they currently doing?
- g. As a group:
 - i. We will collaborate and brainstorm how DAYTA can offer something unique to convention centers to accommodate exploring a Blue Ocean Market.

Week Three –

1. What we have done this week:

- a. Kelly Husmann spoke with River's Edge Convention Center in St. Cloud, Minnesota on Friday (April 7, 2017)
 - vi. She conducted the survey over the phone
 - vii. The man she interviewed gave a number of supportive testimonials as to why other convention centers should use DAYTA for their marketing purposes
 - 1. River's Edge Convention Center is a current client of DAYTA Marketing
 - viii. Their main competitors are Duluth Entertainment Center, Mayo Civic Center, Minneapolis Convention Center, and Bemidji Convention Center.
- b. Kelly Husmann sent the survey to 2 Convention Centers in Minneapolis, Minnesota:
 - i. River's Edge Convention Center

1. Replied
 - ii. Minneapolis Convention Center
 1. Waiting for a reply
 - c. Megan Dobberstein sent the survey to 2 Convention Centers on the West coast of the United States:
 - i. Ontario Convention Center
 1. Waiting for a reply
 - ii. Secret Garden
 1. Replied
 - d. Megan Dobberstein also looked into the ethics and the value of creation that DAYTA Marketing brings to the industry.
 - e. Megan Dobberstein made the Business Model Canvas for DAYTA
 - f. Kaitlin Duda sent the survey to 2 Convention Centers on the East coast of the United States:
 - i. Jacob K. Javits Convention Center
 1. Waiting for a reply
 - ii. The Conference at Waltham
 1. Waiting for a reply
 - g. Aaron Tamm sent the survey to 6 Convention Centers in the South of the United States.
 - h. AJ Eskew
 - i. Conducted sufficient research on DAYTA Marketing competitors. Three local competitors we will begin analyzing are as follows:
 1. St. Cloud CEO
 2. Cohlab
 3. Impartium Digital Marketing
- 2. What we are going to accomplish next week:**
- a. We generated a list of questions we have for Ellie Backes as we get into more details about other areas of the project. We will be contacting her via phone before departing for Easter Break:
 - i. Q: Can you please send us DAYTA Marketing financials or income statements for the past 3 years?
 - ii. Q: Can you please give us more of a lead on the competitors within the industry? Would you like us to conduct a competitive analysis on Convention Centers to see what companies we advise DAYTA to target? Or would you like us to conduct a competitive analysis on other digital social media marketing companies and see how they are performing?
 1. We are thinking of doing a competitive analysis based on looking into how DAYTA can get into Convention Center hubs online that event coordinators and people who attend events use often. An example of this would be a website like “Eventbrite”; making sure that DAYTA convention centers get more notoriety on platforms like that we think would help get these convention centers wider attraction.

- iii. Q: Is there something specific and unique that you want to offer Convention Centers that would set DAYTA apart from their current marketing strategies?
- iv. Q: Do you want to do what you're doing currently at River's Edge Convention Center in other locations?
- v. Q: What is the price DAYTA currently charges their clients for their services?
- vi. Q: Would you like us to do an industry analysis on Convention Centers or DAYTA Marketing competitors?
 - 1. We are thinking of targeting convention centers for the industry analysis, but we wanted to confirm.
- vii. Q: How do you go about partnering with business already? What is your current outreach strategy?
- b. Individual tasks for the coming week:
- c. Tori Vogt:
 - i. Begin putting together an industry analysis
- d. Kelly Husmann:
 - i. Begin putting together an industry analysis
- e. Megan Dobberstein:
 - i. Begin putting together a competitor analysis
- f. Kaitlin Duda:
 - i. Begin putting together a competitor analysis
- g. Aaron Tamm:
 - i. Look into Blue Ocean Markets for DAYTA Marketing
- h. AJ Eskew:
 - i. Look into Blue Ocean Markets for DAYTA Marketing
- i. As a group:
 - i. We will use the research and data we generate to begin working on forming an educated conclusion and recommendation for this project.

Week Four –

1. What we have done this week:

- a. We generated a list of question for Danielle Barthelemyan and got a reply. These answers were helpful because we now know the direction DAYTA wants us to take when doing the competitor analysis. We also have a better idea about the price DAYTA charges its clients and the competitor advantage DAYTA holds. Questions 1-9 are below with the responses we got from Danielle.

1. Can you please send us DAYTA Marketing financials or income statements for the past 3 years?

a.

2014	Revenue	\$696,964.56
2015	Revenue	\$982,869.95
2016	Revenue	\$1.3 Million

2. Can you please give us more of a lead on the competitors within the industry? Would you like us to conduct a competitive analysis on Convention Centers to see what companies we advise DAYTA to target? Or would you like us to conduct a competitive analysis on other digital social media marketing companies and see how they are performing?

a. We'd like you to focus your analysis on convention centers rather than direct competitors of DAYTA. We are not aware of any similar agencies that focus primarily on convention centers.

3. We are thinking of doing a competitive analysis based on looking into how DAYTA can get into Convention Center hubs online that event coordinators and people who attend events use often. An example of this would be a website like "Eventbrite"; making sure that DAYTA convention centers get more notoriety on platforms like that we think would help get these convention centers wider attraction.

a. Coordinating on event sites could be a factor event planners consider when choosing an agency to work with. Two questions come to mind with this area of research: 1) what would DAYTA be able to assist with through these platforms (what would the service look like) and 2) how important is this to potential clients?

4. Is there something specific and unique that you want to offer Convention Centers that would set DAYTA apart from their current marketing strategies?

a. A few of the primary competitive advantages DAYTA offers in comparison to in-house marketing and other agencies is our industry intelligence, technology, team and processes. Our specialization industry and our team of experts provides a depth of intelligence that typically can't be matched with an internal team. We also have extensive experience and expertise in the following four areas when it comes to digital marketing: brand awareness, audience engagement, workforce engagement, and brand reputation.

5. Do you want to do what you're doing currently at River's Edge Convention Center in other locations?

a. Yes. We are looking to scale nationally.

6. What is the price DAYTA currently charges their clients for their services?

a. This depends on several variables, but our average clients spend \$16,000 annually. Some clients spend well over \$100k/year.

7. Would you like us to do an industry analysis on Convention Centers or DAYTA Marketing competitors? We are thinking of targeting convention centers for the industry analysis, but we wanted to confirm.

a. See #2 above.

8. How do you go about partnering with business already?

a. We do an extensive discovery process during the sales process in order to fully understand the opportunities and challenges facing the prospect. A custom proposal and service recommendations are provided to each prospect. Upon becoming a client,

each brand will receive a designated Digital Project Manager who will serve as their point person within the company. They manage the brand's digital presence and coordinates with our full team to ensure they have the expertise needed to accomplish the variety of services we offer. Our mission is to be an irreplaceable partner, and that starts with the Digital Project Manager. Regular communication, constant discovery, and proactive recommendations have proven essential for helping us achieve the position of "irreplaceable partner".

9. What is your current outreach strategy?

- a. In addition to our active digital presence, a large portion of our outreach strategy includes client referrals and partnering with associations within our target industries. Creating a partnership with associations often includes attending trade shows, speaking opportunities, etc.
- b. Kelly Husmann: worked on the industry analysis. Also worked on defining the Convention Center Industry a bit more. Focusing on how much the industry is worth, how much it has grown over the years, what types of events are in the industry. This will help us get a better feel for the industry as a whole and different ways DAYTA can grow into the industry.
- c. Megan Dobberstein: although DAYTA want us to focus the competitor analysis on convention centers, Megan looked up local social media and advertising industries in the area. This helped us get a better feel for what DAYTA does and what other companies do even though they are not direct competitors of DAYTA. Some of these companies included St. Cloud SEO, Cohlab and Impartium Digital Marketing. She did a SWOT analysis of these companies.
- d. Kaitlin Duda: worked on the industry analysis from the new perspective DAYTA gave us. She looked at the Minneapolis convention center, Secret Garden convention center in Nevada and the Rivers Edge convention center. She compared financials, look for trends, new innovation techniques, popular seasons, etc. to see what DAYTA competitors in the convention center industry are doing and what DAYTA can improve on. She also did a SWOT analysis of this.
- e. Aaron Tamm: Got a reply from both of the convention centers that he contacted in Texas. He also worked with AJ on the Blue Ocean Theory part of the project.
- f. AJ Eskew: Worked on the Blue Ocean Theory part of the assignment. He also messaged Luke and Brian Meyers to set up a meeting next week to talk more about the strategic direction of DAYTA.
- g. Tori Vogt: Worked with Kelly on the Industry Analysis. She gathered information and did a PESTLE analysis on the convention center industry as a whole.

2. What we are going to accomplish next week:

- a) We are meeting as group Thursday, April 20th after class to put together all of the information we have gathered so far and discuss how we want to present our information next Thursday.
- b) Megan Dobberstein: Finalize competitor analysis
- c) Kaitlin Duda: Finalize competitor analysis

- d) Kelly Husmann: Gather more information about the Convention Center industry as a whole and finalize Industry analysis
- e) Aaron Tamm: Finalize Blue Ocean Theory
- f) AJ Eskew: Finalize Blue Ocean Theory
- g) Tori Vogt: Finalize industry PESTLE analysis and gather more information about the convention center industry
- h) As a group: Divide up who is going to present what information for the presentation/put together the presentation
- i) As a group: Hopefully find a time to meet or Face time Luke and Brian before we present next Thursday to make sure we are going in the right direction.

Exhibit 1: EFAS Table

External Factors	Weight	Rating	Weighted Score	Comments
Opportunities				
O1- Potential for new clients	.1	3	.3	Word- of-mouth and references from current clients
O2- Transparency	.1	2	.2	DAYTA Dashboard
O3- Growth of Market	.2	4	.8	Businesses are going digital, social media presence is important
O4- New industries	.15	4	.6	Hospitality and Leisure? Many case studies and success stories
Threats				
T1- Government intervention	.1	2	.2	Big Data regulation, regulation on advertisements
T2- Net neutrality	.05	1	.05	Potential loss of clients
T3- Easily accessible market	.2	2	.4	Easy for competition to enter the market
T4- Current competition	.1	3	.3	DAYTA may not have direct competition with the exact same business model, but there are many small marketing agencies that do similar business and are successful

Total Scores	1.0		2.85	
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Exhibit 2: IFAS Table

Internal Factors	Weight	Rating	Weighted Score	Comments
Strengths				
S1- Strong understanding of market	.2	4	.8	Deep knowledge on many digital marketing topics
S2- Fits all business types	.2	4	.8	All businesses, in any industry, could benefit from social media
S3- DAYTA Dashboard	.1	3	.3	Reports and data are accessible to clients and employees
S4- Employees and interns	.2	5	1	Employees have been with the company from the start or started as interns, many interns do a lot of the work at little cost
Weaknesses				
W1- Small clients	.1	2	.2	No Fortune 500 companies; however, this is part of their strategy
W2- Lacks IT employees	.1	1	.1	IT could help a digital marketing company run smoother
W3- Heavily relies on references for new clients	.05	2	.1	Needs to market themselves better or seek out businesses instead of waiting to be found
W4- Loss of interns	.05	1	.05	Train many interns who end up leaving for bigger companies

Total Scores	1.0		3.35	
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Exhibit 3: SFAS Table

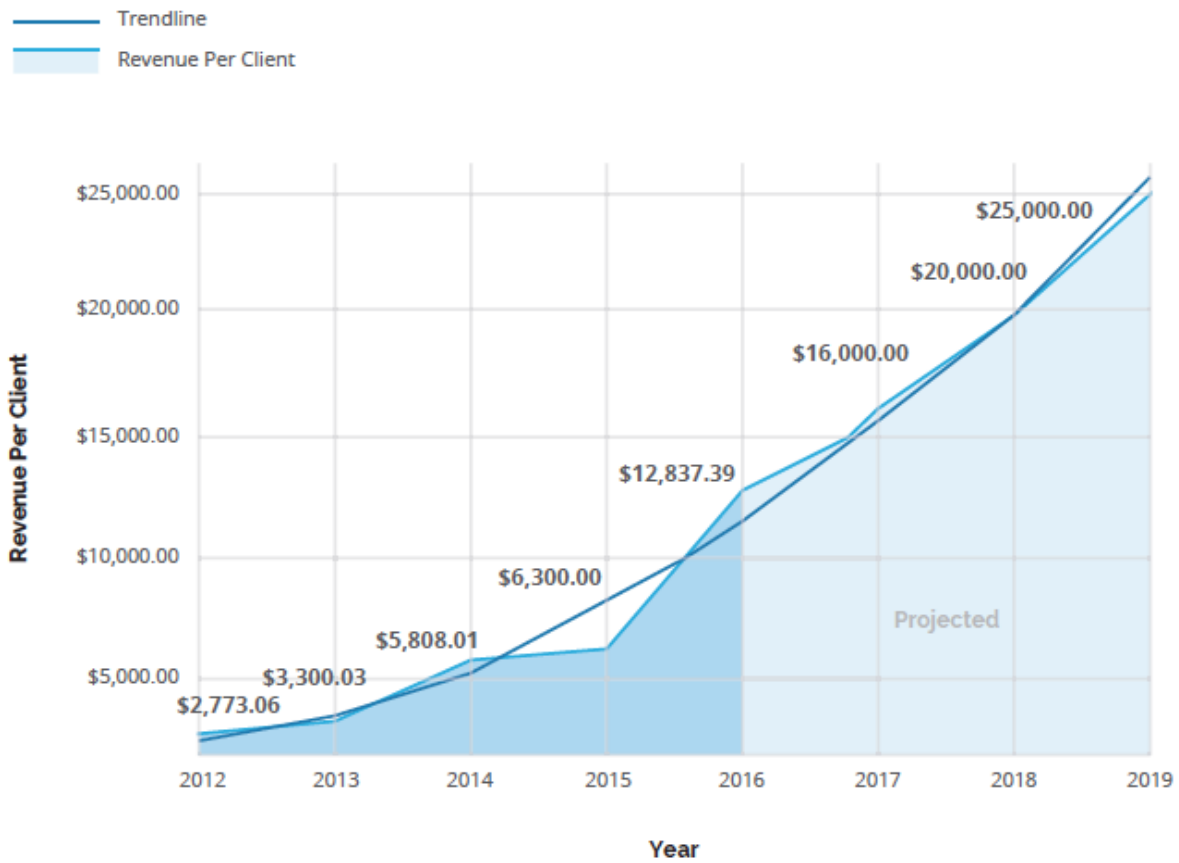
Strategic Factors	Weight	Rating	Weighted Score	Short	Intermediate	Long	Comments
S1- Strong understanding of market	.2	4	.8			X	Deep knowledge on many digital marketing topics
S4- Employees and interns	.2	5	1			X	Employees have been with the company from the start or started as interns, many interns do a lot of the work at little cost
W1- Small clients	.1	2	.2	X			No Fortune 500 companies; however, this is part of their strategy
W2- Lacks IT employees	.1	1	.1		X		IT could help a digital marketing company run smoother
O3- Growth of Market	.2	4	.8			X	Businesses are going digital, social media presence is important
O4- New	.15	4	.6	X			Hospitality and

industries							Leisure? Many case studies and success stories
T3- Easily accessible market	.2	2	.4		X		Easy for competition to enter the market
T4- Current competition	.1	3	.3		X		DAYTA may not have direct competition with the exact same business model, but there are many small marketing agencies that do similar business and are successful
Total Scores	1.0		4.2				

Exhibit 4: DAYTA Financials

Year	Revenue	Number of Employees
2012	\$97,057.03	4
2013	\$353,103.13	14
2014	\$696,964.56	21
2015	\$982,869.95	25
2016	\$1.37 Million	32
2017	\$2.45 Million	41
2018	\$3.88 Million	53
2019	\$5.54 Million	69

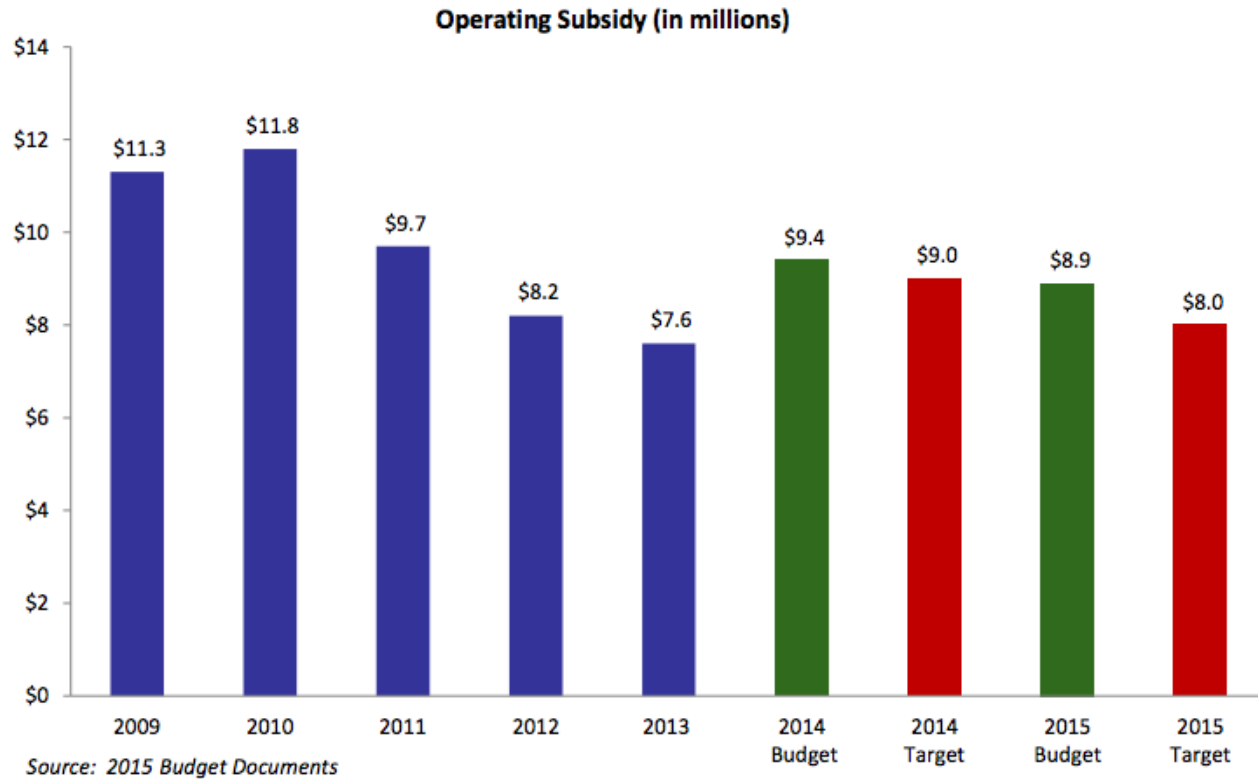
Annual Revenue Per Client

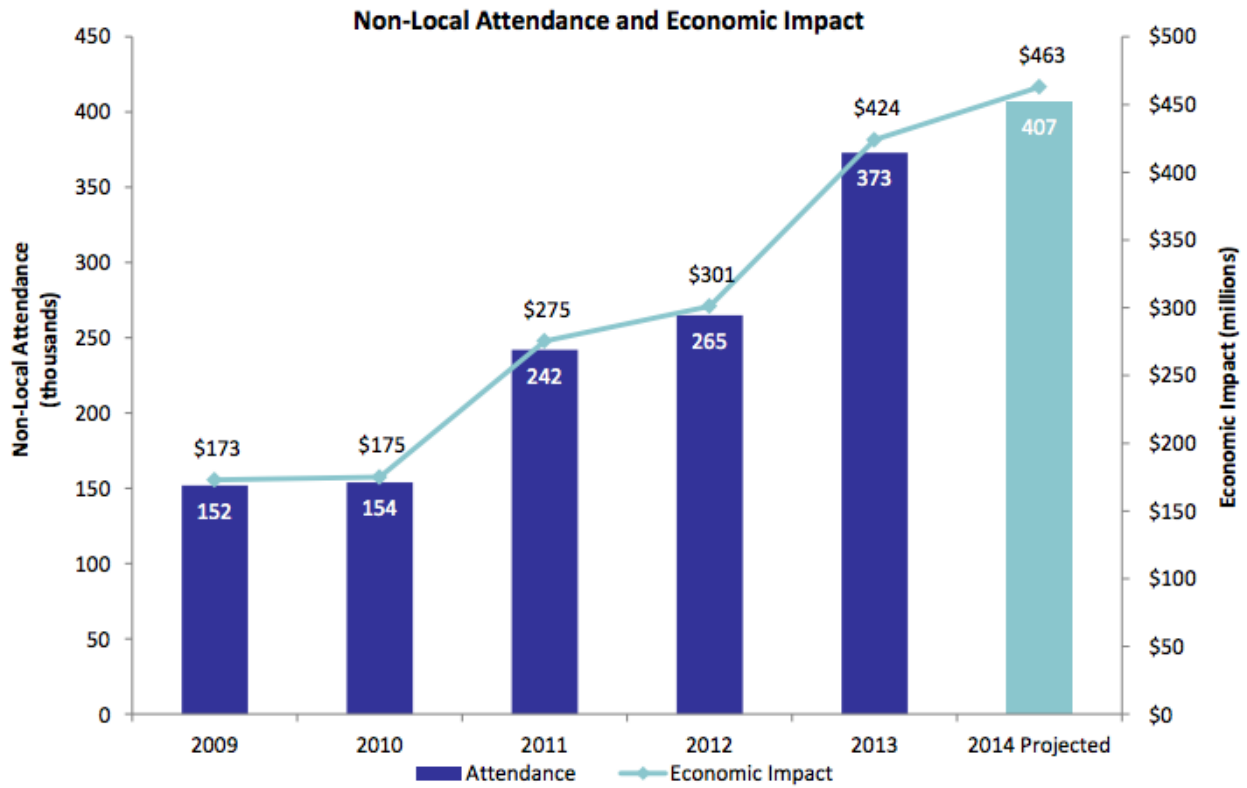


Source: Table and graph retrieved from DAYTA Executive Summary

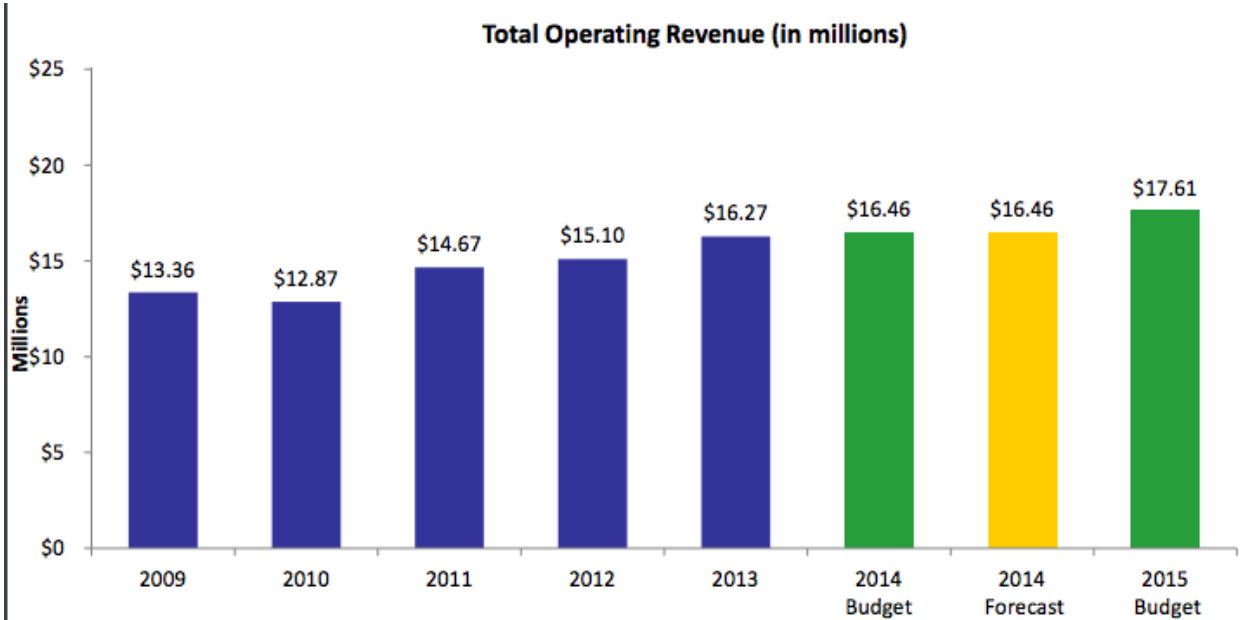
Exhibit 5: Implementation, Evaluation & Control Plan for DAYTA Marketing to Convention Centers

Strategic Factor	Action Plan	Priority System (1-5)	Who Will Implement	Who Will Review	How Often Review	Criteria Used
-Quality DAYTA culture	-Get onto event websites (Timeout, Event Brite)	-4	-Project Managers	-CEO or VP	-Any time a new event occurs	-Number defects and customer satisfaction
-Financial Position	-Use profit for R&D and expansion	-3	-CFO	-CEO/ President	- Quarterly	-Leverage Ratios
-National Positioning	-Find strategic alliance partners across the U.S.	-3	-Project Managers	-COO	-Semi-Annually	-Feasible alternatives generated
-Demographics expansion to Convention Centers	-Find partnerships, research market strategies and technologies, monitor performance of Convention Centers	-5	-Project Manager	-CEO, COO, CFO	-Semi-Annually	-Market research and user satisfaction
-Trends	-Research market strategies and unique features	-2	-Any employees -interns	-Project Managers	-Semi Annually	-Sales Growth

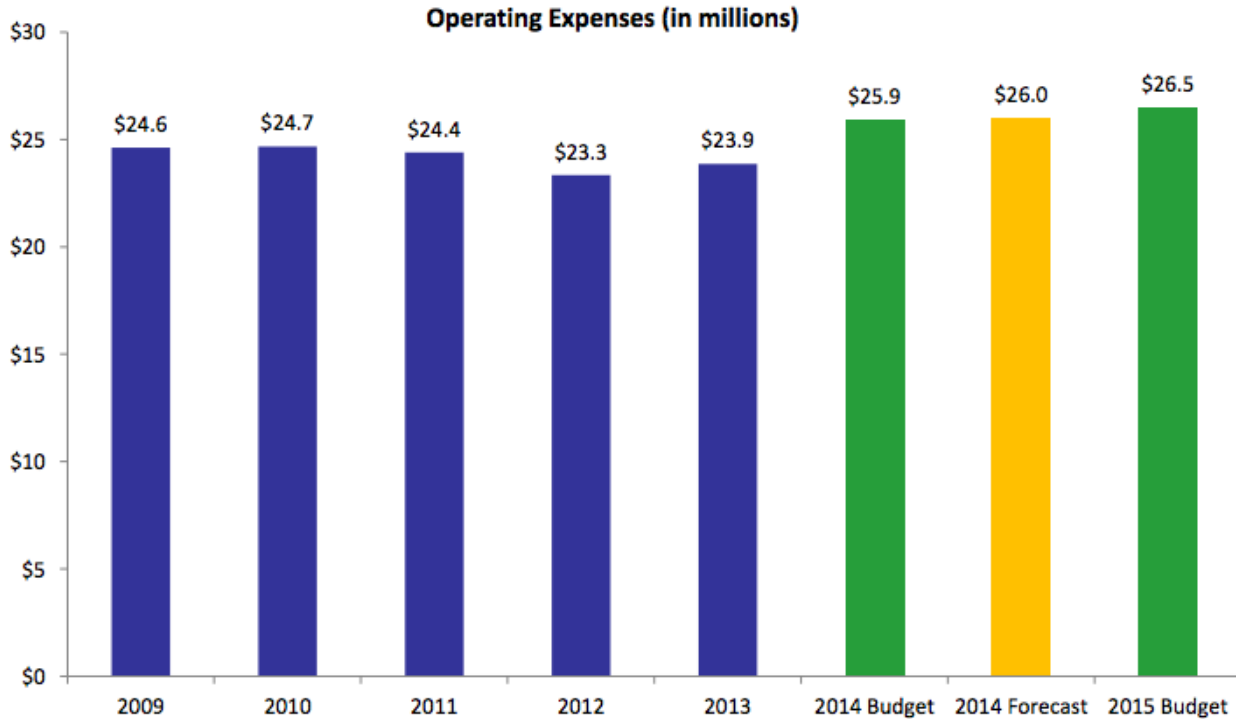
Exhibit 6: Minneapolis Convention Center Financials



Source: EBMS attendance by category / DMAI



Source: Financial Plan / Initial budget documents

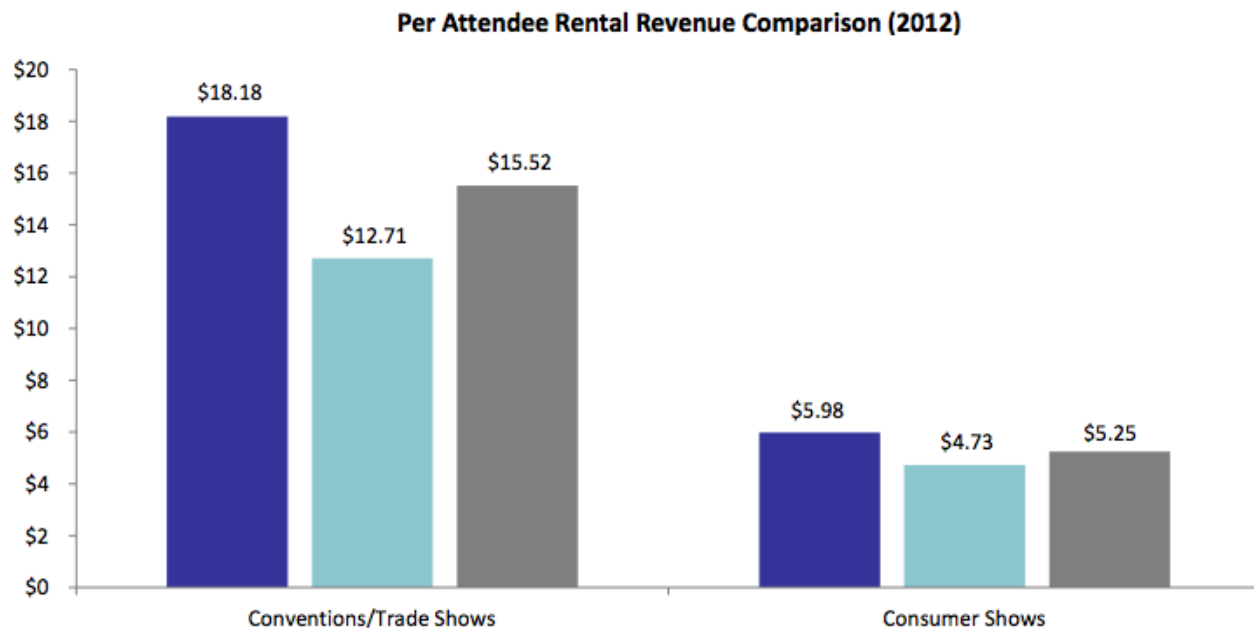


Source: Financial Plan / Initial budget documents

Results Minneapolis: Convention Center

July 9, 2014

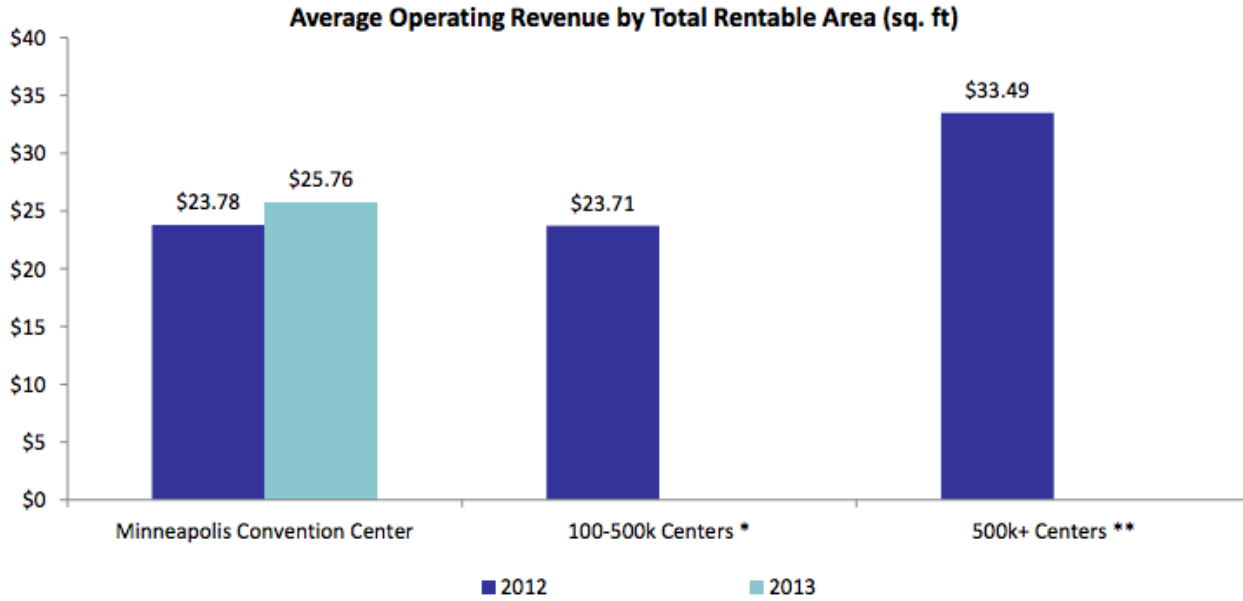
8



Notes: ■ Minneapolis Convention Center ■ 100-500k Centers* ■ Gateway Cities**

- 1. * Denotes Centers with 100,000 to 500,000 of sq. ft. of exhibit space
- 2. ** Denotes metropolitan areas with at least 30,000 hotel rooms

Source: PriceWaterhouseCooper 2013 Convention Center Report

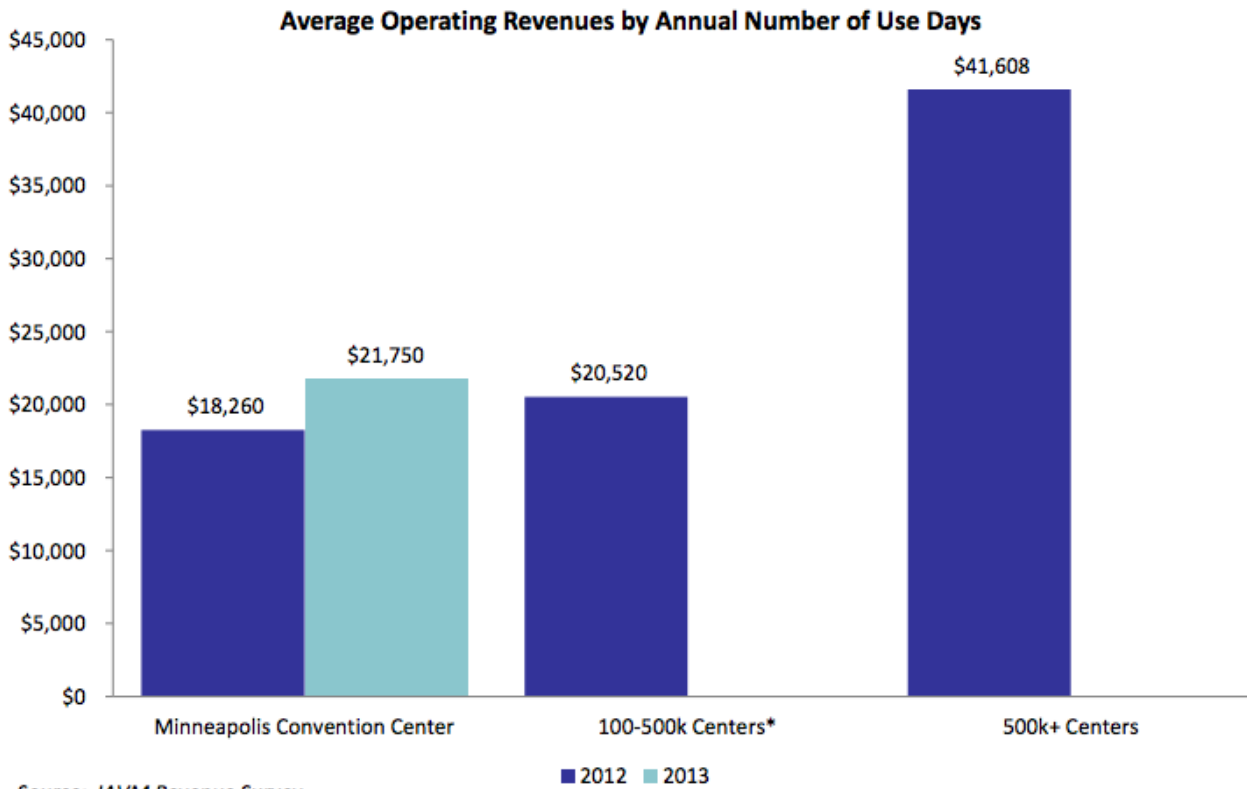


Notes:
 1. * Denotes Centers with 100,000 to 500,000 of sq. ft. of exhibit space
 2. ** Denotes Centers with 500,000 or more sq. ft of exhibit space
 Source: IAVM Revenue Survey

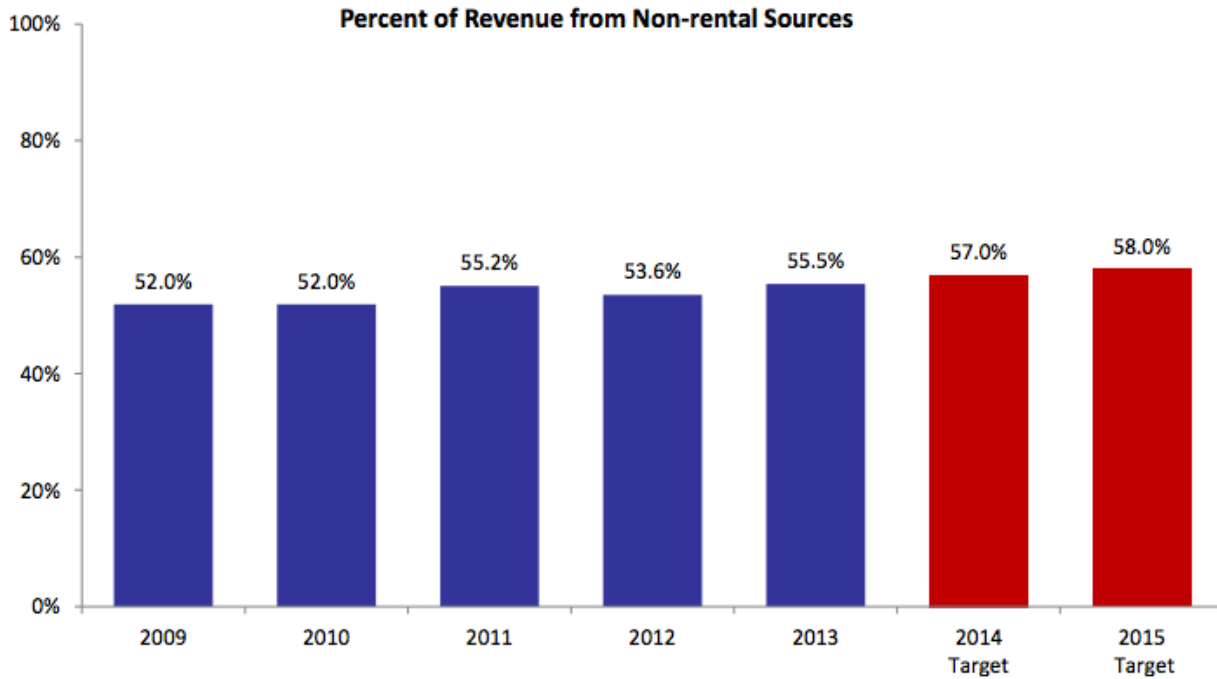
Results Minneapolis: Convention Center

July 9, 2014

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Source: IAVM Revenue Survey

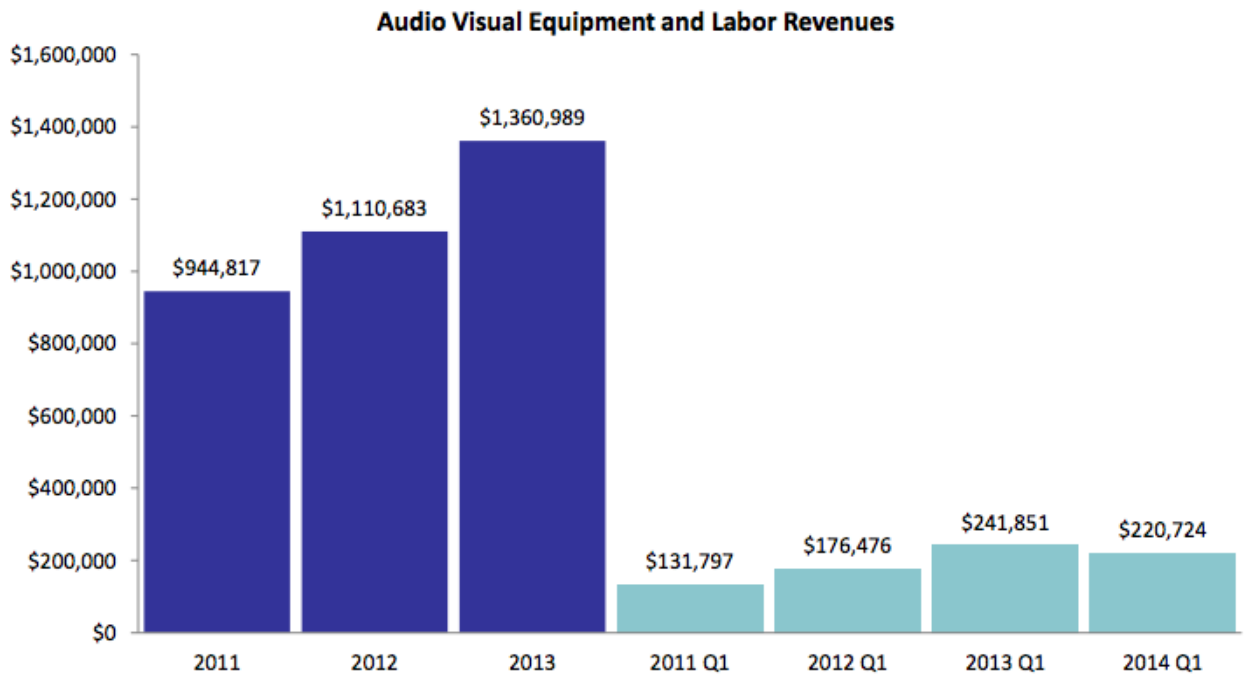


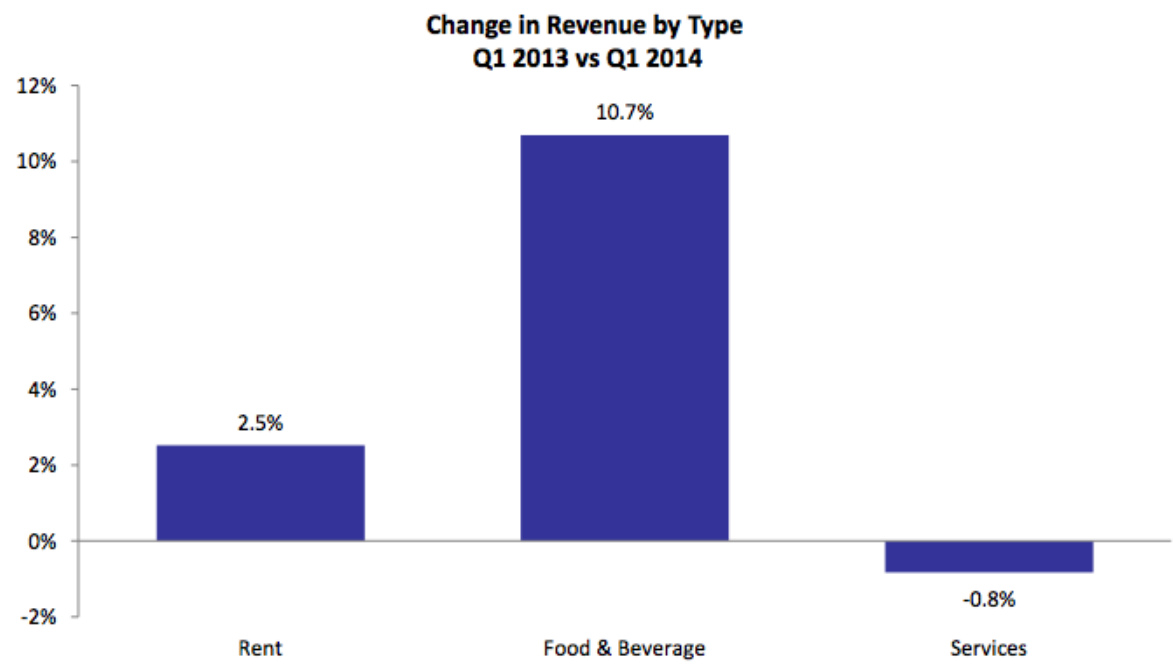
Source: Financial Reports & Budget

Results Minneapolis: Convention Center

July 9, 2014

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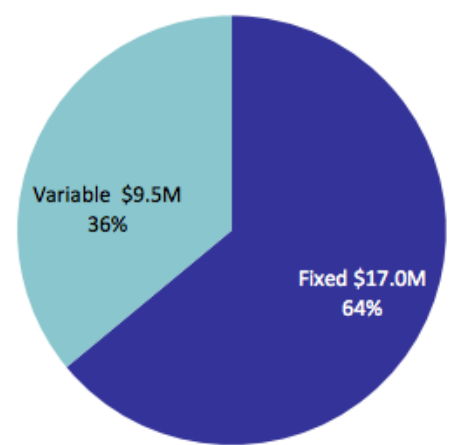
Source: Compass Financial Reports

Results Minneapolis: Convention Center

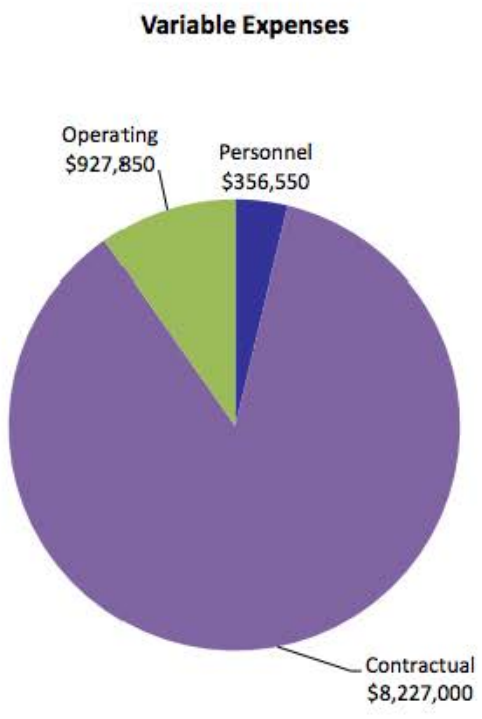
July 9, 2014

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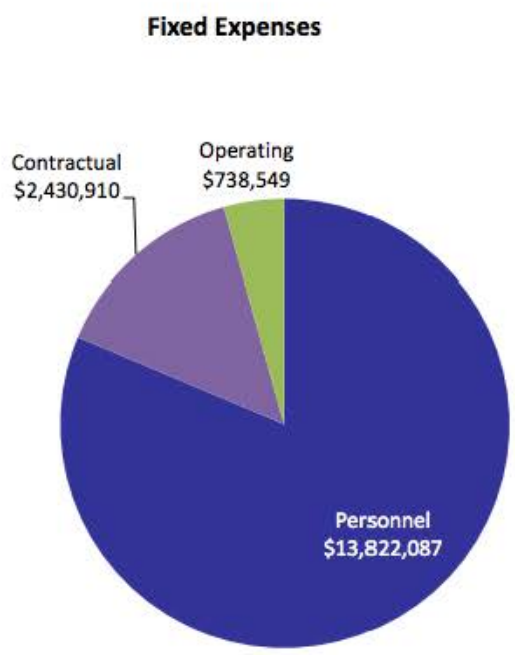
Breakdown of 2013 Expenses



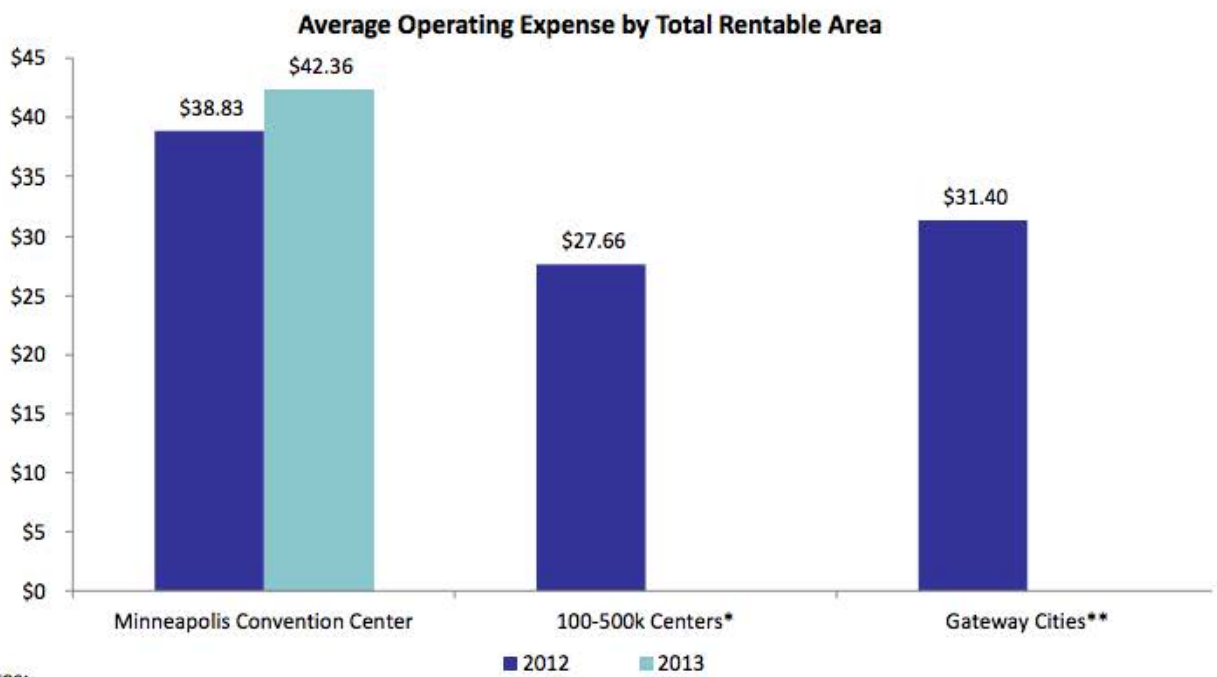
Source: 2015 Operating Budget



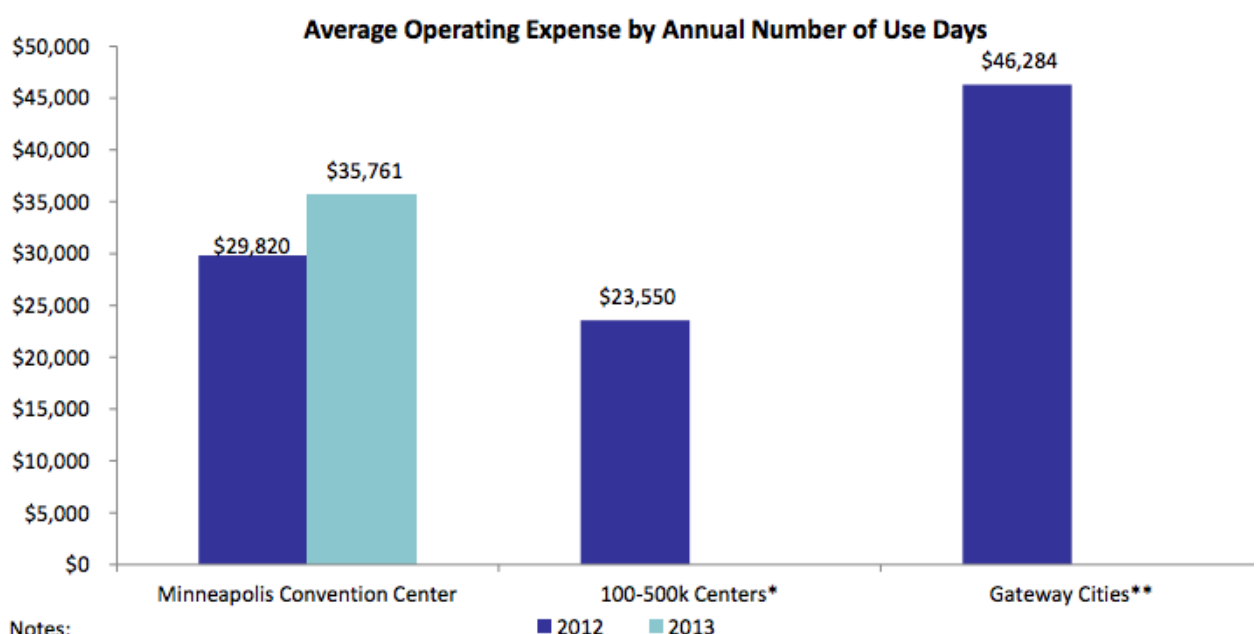
Source: 2015 Budget Documents
Results Minneapolis: Convention Center



Source: 2015 Budget Documents
July 9, 2014



Notes:
 1. * Denotes Centers with 100,000 to 500,000 of sq. ft. of exhibit space
 2.** Denotes Metropolitan areas with at least 30,000 hotel rooms
 Source: IAVM Expense Survey

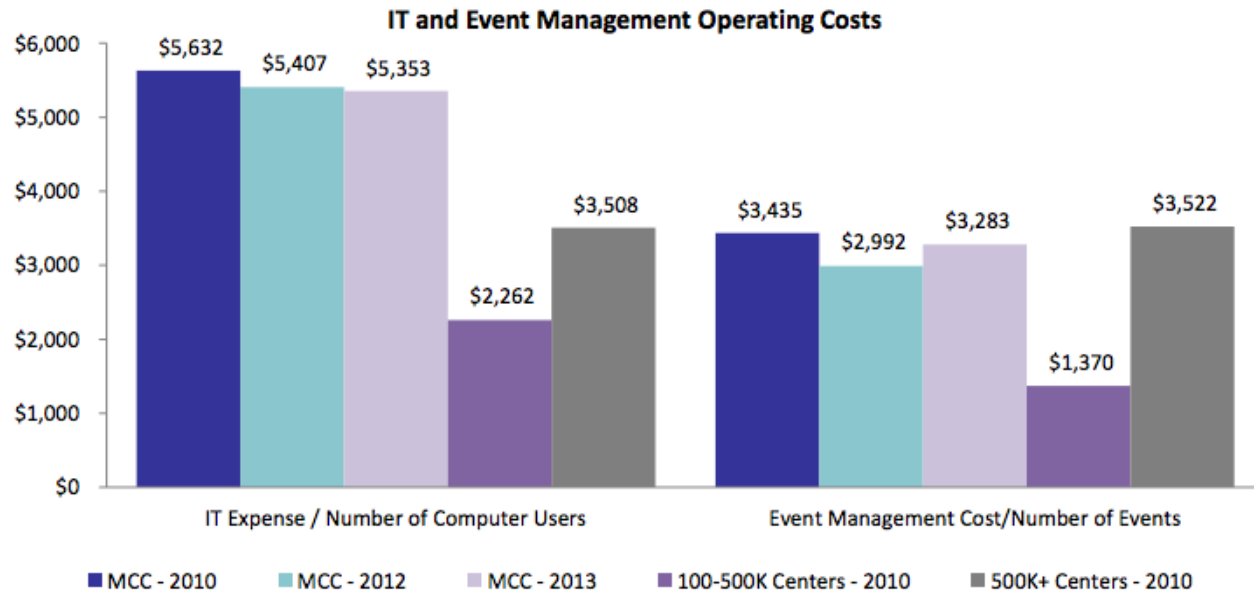


Notes:
 1. * Denotes Centers with 100,000 to 500,000 of sq. ft. of exhibit space
 2.** Denotes Metropolitan areas with at least 30,000 hotel rooms
 Source: IAVM Expense Survey

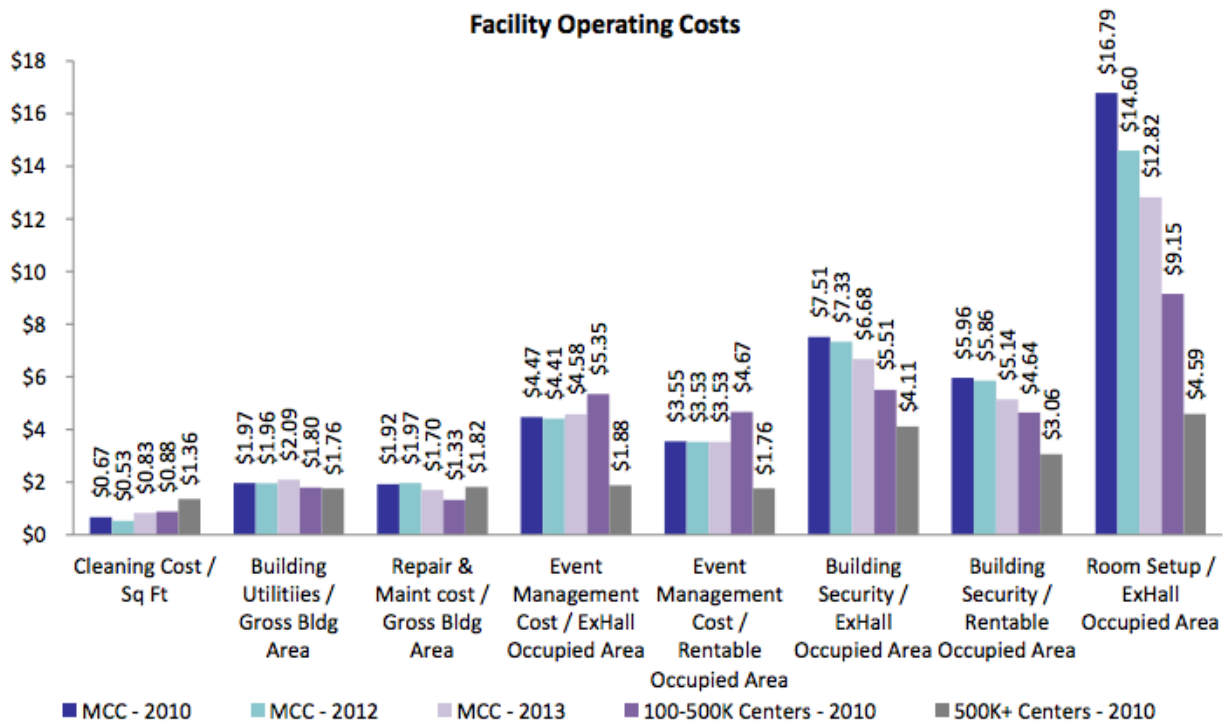
Results Minneapolis: Convention Center

July 9, 2014

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Source: IAVM Operating Expense & Revenue Survey



Source: IAVM Operating Expense & Revenue Survey

Exhibit 7: Sanford Center Financials (2014)

Financial Performance	
VenuWorks of Bemidji, LLC	
PROFIT & LOSS	
January through December 2014	
	<u>Jan – Dec 14</u>
Ordinary Income/ Expense	
Income	
50100 - Building Rent - Arena	106,395.99
50150 - Building Rent – Meeting Rooms	75,000.43
50200 - Facility Lease	197,876.83
50300 - Suite Leases	17,961.25
50500 - In-House Equipment	42,391.25
50502 - Reimbursed Event Labor	322,220.08
50504 - Reimbursed Expenses Other	119,976.83
50505 - Box Office Fees	33,208.10
50506 - Facility Fees	108,734.11
50507 - Co-Promotional Revenue	14,001.92
50508 - Merchandise	19,908.10
50509 - Reimbursed Credit Card Fees	14,038.04
50510 - Reimbursed Event Advertising	46,652.42
50511 - Ticket Rebate Revenue	34,973.74
50600 - Parking Revenue	149,826.70
50700 - Vending & Pouring Revenues	0.00
50800 - Interest Income	328.26
50900 - Miscellaneous Income	0.00
51000 - Signage & Sponsorships	
51001 - Sign & Sponsorship Sales	433,405.20
51002 - Sign & Sponsorship Commission	-17,529.54
51003 - Sign & Sponsorship BSU Ad Comm.	28,864.06
Total 51000 - Signage & Sponsorships	<u>444,739.72</u>
Total 52000 – Food & Beverage Sales	<u>1,255,690.24</u>
Total Income	2,973,924.01

2014

Financial Performance cont.

Total 60000 – Cost of Goods Sold	<u>343,919.44</u>
Gross Profit	2,630,004.57
Expense	
Total 70110 – Labor – Full Time	<u>738,284.92</u>
Total 70110 – Labor – Part Time	<u>612,282.19</u>
Total 70200 - Benefits	<u>107,834.97</u>
Total 70300 – Employment Taxes	<u>192,269.82</u>
Total 70000 – Personnel Services	1,677,924.12
Total 71000 – General and Administrative	<u>35,928.58</u>
Total 72000 - Occupancy	<u>483,150.61</u>
Total 73000 – Travel and Motor Vehicle	47,902.17
Total 74000 – F&B Expenses	<u>78,089.25</u>
Total 75000 – Services/ Operations	<u>325,783.97</u>
Total 76000 – Event Expenses	<u>326,914.18</u>
79999 – Cash Over / (Short)	<u>2,725.09</u>
Total Expense	<u>2,978,417.97</u>
Net Ordinary Loss	-342,960.00
2014 Budgeted Loss	-349,288.00
Ahead of Budget	6,327.00

Exhibit 8: Duluth Entertainment and Convention Center Financials

COMPARATIVE STATEMENT OF NET POSITION DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 2,057,026	\$ 1,569,622
Accounts receivable	220,537	809,455
Due from City of Duluth	380,710	300,191
Inventory	136,244	117,982
Prepaid items	<u>11,176</u>	<u>8,355</u>
Total current assets	<u>\$ 2,805,693</u>	<u>\$ 2,805,605</u>
Restricted current assets		
Assets restricted for customer deposits		
Cash and cash equivalents	\$ 225,421	\$ 433,279
Accounts receivable	6,641	13,641
Assets restricted for employee flexible benefits plan		
Cash and cash equivalents	<u>806</u>	<u>806</u>
Total restricted current assets	<u>\$ 232,868</u>	<u>\$ 447,726</u>
Total current assets	<u>\$ 3,038,561</u>	<u>\$ 3,253,331</u>
Noncurrent assets		
Restricted debt service - assets held by trustee		
Lease financing escrow account	\$ 87,143	\$ 87,056
Capital assets		
Not depreciated	951,392	905,601
Depreciated	146,989,579	146,617,417
Less: allowance for depreciation	<u>(52,016,455)</u>	<u>(48,188,002)</u>
Total capital assets - net of accumulated depreciation	<u>\$ 95,924,516</u>	<u>\$ 99,335,016</u>
Total noncurrent assets	<u>\$ 96,011,659</u>	<u>\$ 99,422,072</u>
Total Assets	<u>\$ 99,050,220</u>	<u>\$ 102,675,403</u>

COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 178,478	\$ 269,583
Salaries payable	139,872	123,612
Compensated absences payable - current	124,626	105,768
Accrued interest payable	3,818	6,113
Unearned revenue	806,492	879,429
Capital leases payable - current	149,008	141,925
Total current liabilities	\$ 1,402,294	\$ 1,526,430
Current liabilities payable from restricted assets		
Customer deposits	\$ 235,062	\$ 446,920
Employee flexible benefits plan payable	806	807
Total current liabilities payable from restricted assets	\$ 235,868	\$ 447,727
Total current liabilities	\$ 1,638,162	\$ 1,974,157
Noncurrent liabilities		
Compensated absences payable - long-term	\$ 80,714	\$ 78,364
Capital leases payable - long-term	9,939	158,947
Net other postemployment benefits liability	707,235	650,546
Total noncurrent liabilities	\$ 797,888	\$ 887,857
Total Liabilities	\$ 2,436,050	\$ 2,862,014
<u>Net Position</u>		
Net investment in capital assets	\$ 95,765,569	\$ 99,034,144
Restricted for debt service	87,143	87,056
Unrestricted	761,458	692,189
Total Net Position	\$ 96,614,170	\$ 99,813,389

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Sales	\$ 3,399,922	\$ 3,284,022
Charges for services	5,127,428	4,705,332
Miscellaneous	425,636	432,653
Total Operating Revenues	\$ 8,952,986	\$ 8,422,007
Operating Expenses		
Personal services	\$ 4,769,389	\$ 4,376,275
Supplies and services	1,810,849	1,712,267
Utilities	1,301,933	1,108,958
Other services and charges	2,016,993	1,954,592
Depreciation	3,828,453	3,819,272
Total Operating Expenses	\$ 13,727,617	\$ 12,971,364
Operating Income (Loss)	\$ (4,774,631)	\$ (4,549,357)
Nonoperating Revenues (Expenses)		
Interest income	\$ 14,212	\$ 13,642
Hotel/motel tax revenue	1,353,981	1,258,541
Naming rights revenue	200,000	200,000
Interest expense	(10,781)	(18,833)
Total Nonoperating Revenues (Expenses)	\$ 1,557,412	\$ 1,453,350
Income (Loss) Before Contributions	\$ (3,217,219)	\$ (3,096,007)
Capital contributions	18,000	-
Change in Net Position	\$ (3,199,219)	\$ (3,096,007)
Net Position - January 1	99,813,389	102,909,396
Net Position - December 31	\$ 96,614,170	\$ 99,813,389

COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 8,838,473	\$ 7,711,025
Payments to suppliers	(5,241,964)	(4,700,244)
Payments to employees	(4,675,232)	(4,331,431)
Other operating revenues	425,636	432,653
	<u>\$ (653,087)</u>	<u>\$ (887,996)</u>
Cash Flows from Noncapital Financing Activities		
City of Duluth hotel/motel taxes	<u>\$ 1,273,462</u>	<u>\$ 1,210,425</u>
Cash Flows from Capital and Related Financing Activities		
Payment received for naming rights	\$ 200,000	\$ 200,000
Principal paid on lease purchases	(141,925)	(135,177)
Interest paid on lease purchases	(13,076)	(19,822)
Acquisition or construction of capital assets	(399,953)	(417,810)
	<u>\$ (354,954)</u>	<u>\$ (372,809)</u>
Cash Flows from Investing Activities		
Interest on investments	<u>\$ 14,125</u>	<u>\$ 13,534</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 279,546</u>	<u>\$ (36,846)</u>
Cash and Cash Equivalents - January 1	<u>2,003,707</u>	<u>2,040,553</u>
Cash and Cash Equivalents - December 31	<u>\$ 2,283,253</u>	<u>\$ 2,003,707</u>

COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ (4,774,631)	\$ (4,549,357)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	3,828,453	3,819,272
(Increase) decrease in accounts receivable	595,918	(605,282)
(Increase) decrease in inventory	(18,262)	(3,282)
(Increase) decrease in prepaid items	(2,821)	3,332
Increase (decrease) in accounts payable	(91,106)	75,523
Increase (decrease) in salaries payable	16,260	19,409
Increase (decrease) in unearned revenue	(72,937)	40,831
Increase (decrease) in customer deposits	(211,858)	286,123
Increase (decrease) in employee flexible benefits plan payable	-	459
Increase (decrease) in compensated absences payable	21,208	(20,424)
Increase (decrease) in net other postemployment benefits liability	56,689	45,400
	<u>\$ (653,087)</u>	<u>\$ (887,996)</u>
Net Cash Provided by (Used in) Operating Activities		
Noncash Investing, Capital, and Financing Activities		
Interest earned on the debt service reserve account	\$ 87	\$ 108
Capital contributions	18,000	-

Exhibit 9: Duluth Entertainment and Convention Center Financial Ratios (2014) –

- Financial Ratios (2014) -
 - Profitability Ratios:
 - Return on assets - 0.975
 - Earnings quality - 0.00675
 - Asset Turnover Ratios:
 - Total asset turnover - 0.0898
 - Fixed asset turnover - 0.0317
 - Liquidity Ratios:
 - Current Ratio - 40.66

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