

MARKET SHARE ANALYSIS

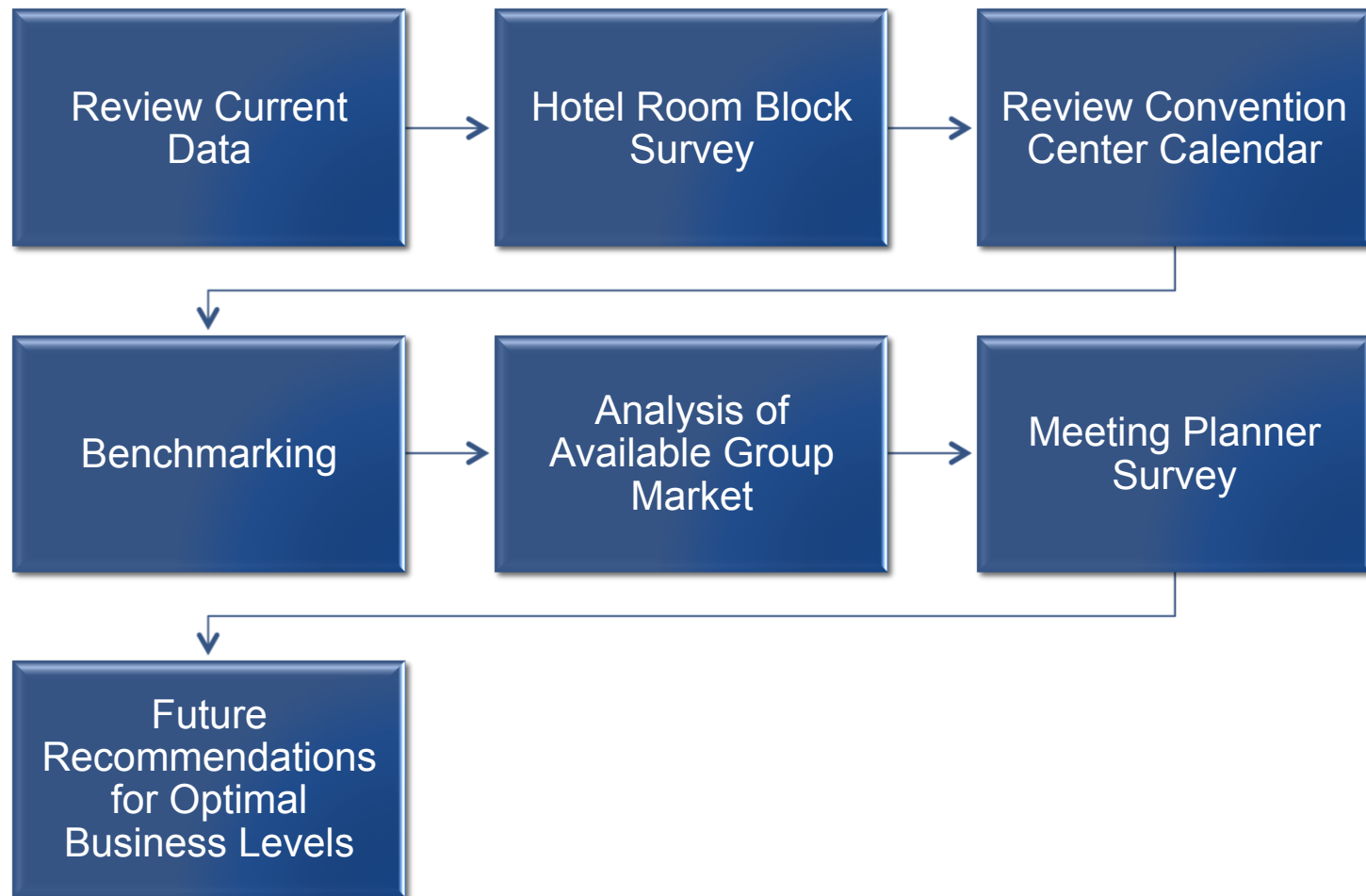
Prepared for Meet AC
February 9, 2015

Prepared by Strategic Advisory Group

Presentation Overview

- Review of current data
- Room block analysis
 - Casino/Hotel interviews
- Convention Center activity/space review
 - Analysis by type of activity
- Benchmarking - comp set analysis
 - Activity level
 - Configuration comparison
- Analysis of group market demand
 - Mint analysis
- Meeting Planner survey
- Conclusions

Market Share Analysis Process



Immersion: Current Data

- SAG reviewed past reports and collected historical data
 - Lost business reports
 - Convention Center Calendar
 - Review of current space
 - Review of current production
 - City lead log report
 - Review of current center bookings
 - Space utilization
 - Room night production

Casino/Hotel Engagement

Participating Hotel and Casino properties

SAG interviewed the Director of Sales for each property

- Borgata
- Caesars
- Bally's
- Harrah's
- Resorts
- Sheraton
- The Chelsea
- The Claridge

Supportive of increased focus on group market

- Most believe group market is more important part of the future
 - Appreciate increased communication – need more engagement
- Consensus of top vertical markets
 - Pharmaceutical
 - Sports
 - State/Regional Associations
 - Government
 - Energy
 - Insurance
 - Automotive
 - Financial
 - Parts and Services Manufacturing
 - Other SMERF
- Room Blocks and Rate varied
 - Potentially overstated available inventory
 - Has market shifted due to recent developments; leisure demand?

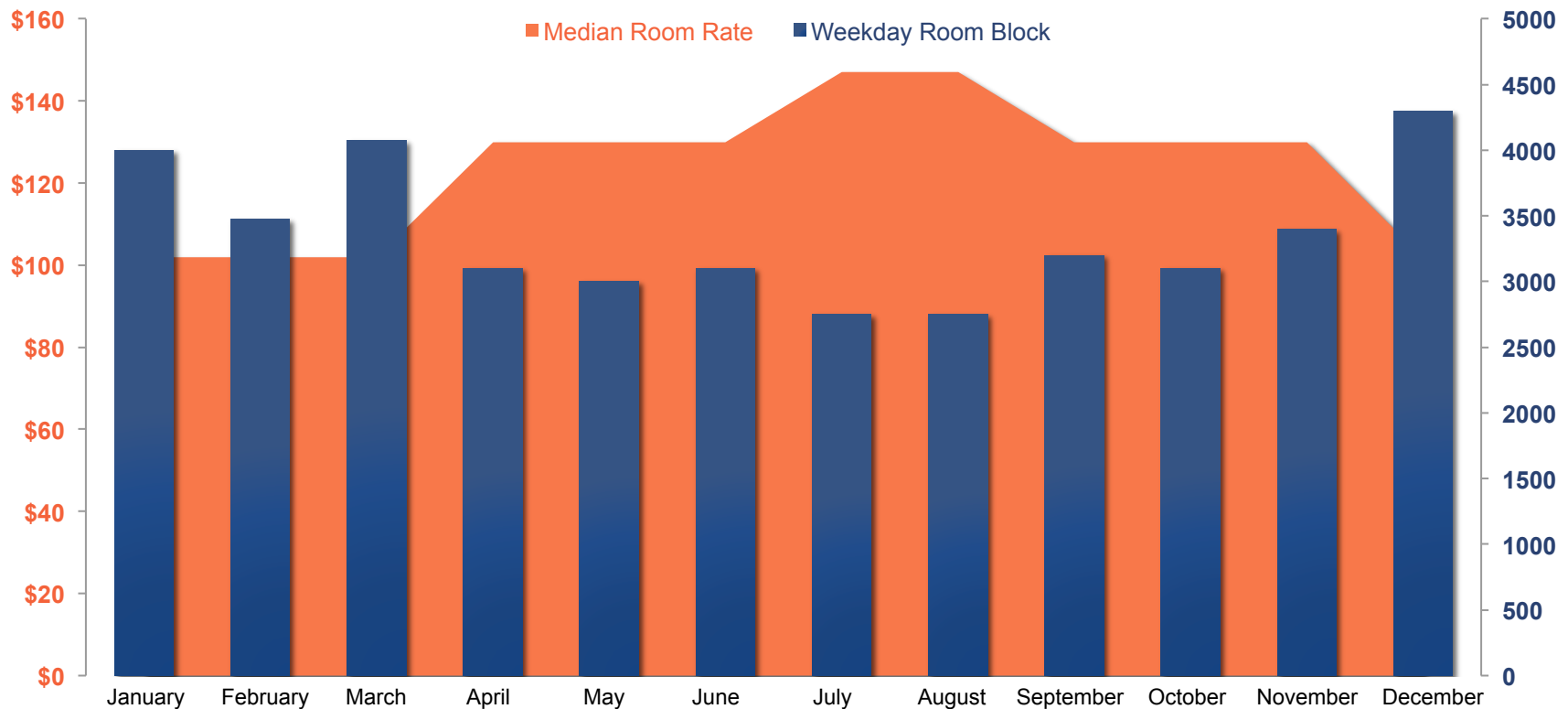
AC Room Block Analysis

- Less inventory/ higher rate ranges in the Summer

Hotel Survey Aggregate				
Month	Weekday Room Block	Weekday Rates	Weekend Room Block	Weekend Rates
January	4000	\$55-155	2550	\$90-379
February	3475	\$55-155	2550	\$90-379
March	4075	\$55-155	2550	\$90-379
April	3100	\$65-189	2550	\$90-379
May	3000	\$65-189	2450	\$90-399
June	3100	\$65-189	2450	\$90-399
July	2750	\$65-229	2275	\$90-499
August	2750	\$65-229	2275	\$90-499
September	3200	\$65-189	2500	\$90-399
October	3100	\$65-189	2500	\$90-399
Novemeber	3400	\$65-189	2550	\$90-379
December	4300	\$55-155	2650	\$90-379

Weekday Room Block and Median Room Rate

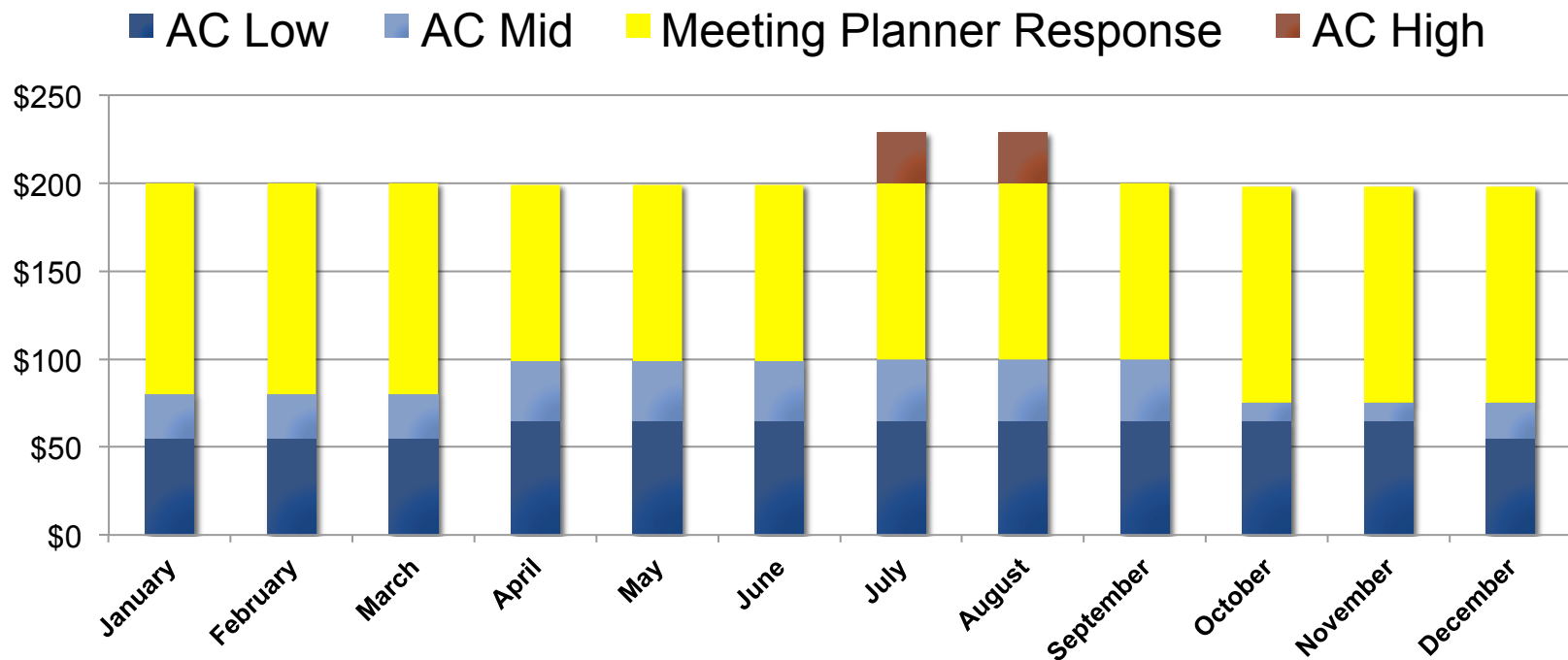
- Hotel rates rise and room blocks are reduced in the summer
- Potential for need period strategy in future



Group Hotel and Casino Rates Mid Week

- Atlantic City may be under pricing the group market
- Meeting Planners conveyed that their groups are willing to pay \$100-\$200 in Atlantic City

Meeting Planner Response to Rates



Conclusions – Hotels/Casinos

- Appear willing to allocate inventory for group business
- Lowest room blocks and highest rates in summer
- Interest in understanding and aligning with target markets
 - Continued communication and reporting important
 - Need to report results of all group efforts by segment
- Potential opportunity to re-establish midweek rate strategy
- Initial communication has been successful – needs to continue

CONVENTION CENTER ANALYSIS

Practical Capacity

- PricewaterhouseCoopers – 2014
 - *“It has been recognized industry-wide that the “practical” maximum exhibit hall occupancy rate is approximately 70 percent and the “efficient” range is considered to be approximately 50 to 60 percent. Occupancy levels less than 50 percent generally suggest the existence of marketable opportunities or open dates...”*

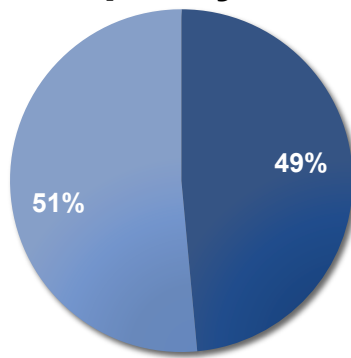
Convention Center Total Occupancy

SAG analyzed the overall occupancy data from the last two years.

2013

- **Total occupancy – 30%**
- 95 groups booked
- 5,573 total meeting rooms occupied

2013 Occupancy Breakdown

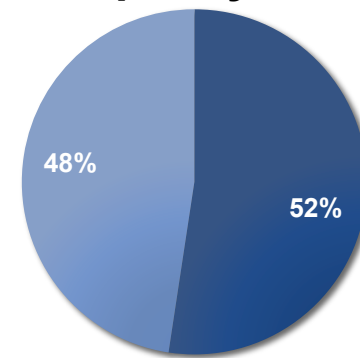


■ Total Move In/Move Out ■ Total Show Days

2014

- **Total occupancy 28%**
- 89 groups booked
- 4,527 total meeting rooms occupied

2014 Occupancy Breakdown



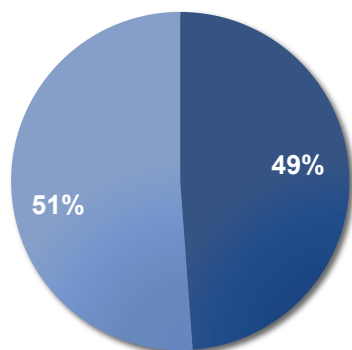
■ Total Move In/Move Out ■ Total Show Days

Exhibit Halls Occupancy

2013

- **Exhibit Hall total occupancy – 32%**
- 312 show days in the exhibit halls

2013 Exhibit Hall Occupancy

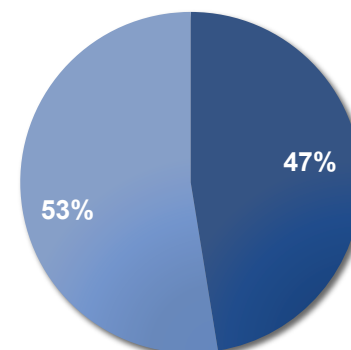


■ Total Show days ■ Move In/Move Out

2014

- **Exhibit Hall total occupancy – 28%**
- 269 show days in the exhibit halls

2014 Exhibit Hall Occupancy



■ Total Show days ■ Move In/Move Out

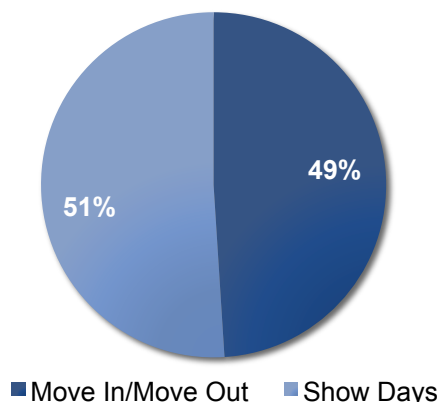
Ballroom Occupancy

Hall A currently serves as the Convention Center's ballroom/multipurpose space with an available square footage of 29,400.

2013

- **Ballroom total occupancy – 41%**
- 76 total show days in the ballroom

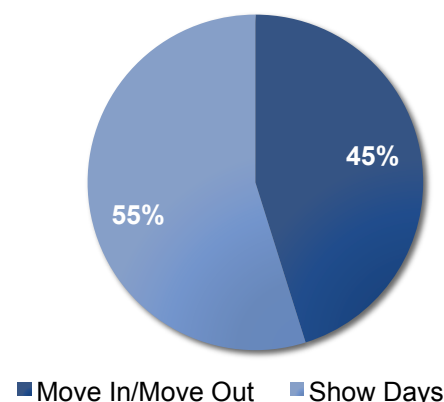
2013 Ballroom Occupancy



2014

- **Ballroom total occupancy – 34%**
- 68 total show days in the ballroom

2014 Ballroom Occupancy



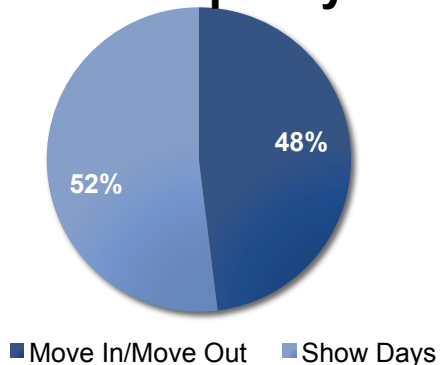
Meeting Room Occupancy

Atlantic City's Convention Center has 45 total meeting rooms.

2013

- **Meeting Room total occupancy – 31%**
- 2,340 total show days in the meeting rooms

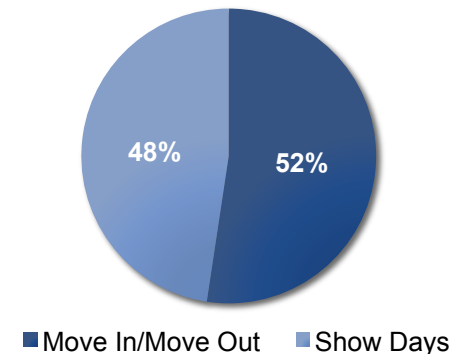
2013 Meeting Room Occupancy



2014

- **Meeting Room total occupancy – 25%**
- 1,817 total show days in the meeting rooms

2014 Meeting Room Occupancy



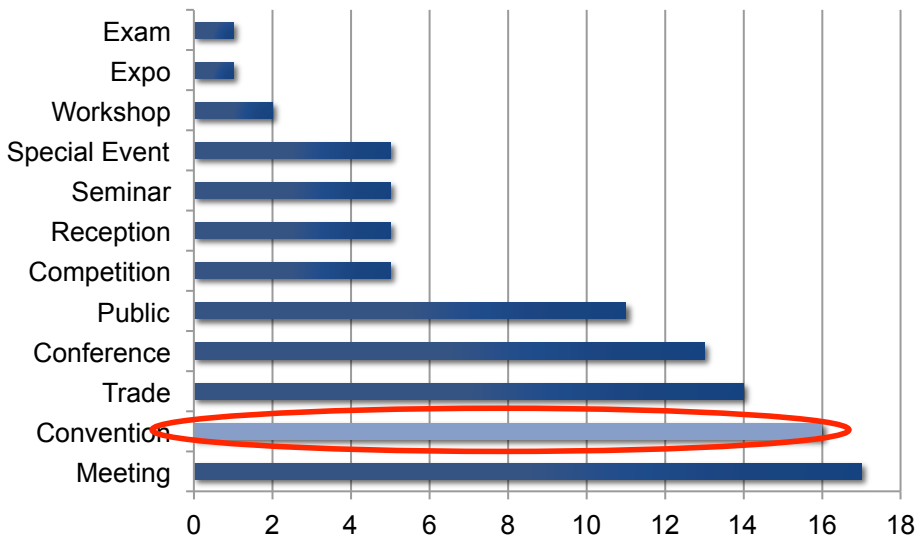
Activity Level by Type

SAG sorted the occupancy by event type to understand the level and type of activity.

2013

- 95 total groups booked the CC

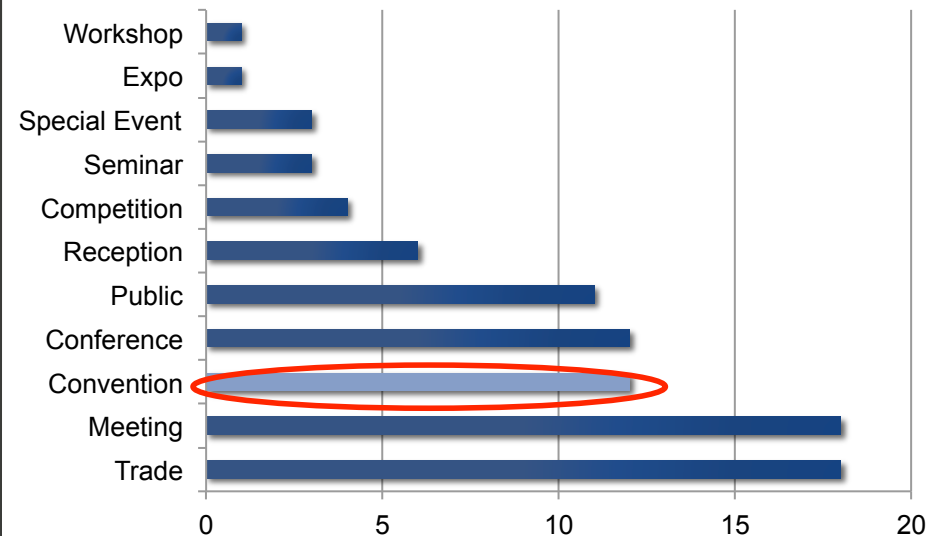
2013 Bookings by Type



2014

- 89 total groups booked the CC

2014 Bookings by Type



Citywide Activity

SAG analyzed the citywide activity over the last two years

- 2013

- Four events with 4,500 or more total room nights
 - NJ League of Municipalities Annual Conference
 - NJSBA/NJASA/NJASBO Workshop and Expo
 - AC Pool & Spa Show
 - 2013 Institute and Expo

- 2014

- Five events with 4,500 or more total room nights
 - NJ League of Municipalities Annual Conference
 - 5LINX National Convention
 - Herbalife North American Latin Extravaganza
 - Northeast Pool & Spa Show
 - NJ School Board Workshop

Space Optimization

- Lack of meeting space inhibits convention potential activity
 - The historic ratio of exhibit halls to meeting rooms is 1 hall to 25 meeting rooms
 - Based on 2013/2014 AC Convention Center data
 - The average past convention uses more than half of the available meeting rooms
 - One convention utilizing two halls will consume all meeting rooms
 - Two hall conventions use 40 plus break out rooms on average
 - True usable Exhibit Space – Two Halls
- Future recommendations – reconfigure space
 - Reduce total exhibit and increase number of meeting rooms



Usable
Exhibit Halls

Conclusions – Convention Center

- AC Convention Center configuration limits optimal convention activity
 - Lacks competitive meeting space for large conventions
- Reconfiguration is necessary to improve occupancy rate
 - Additional 52 meeting rooms would have strong impact on potential meeting planners view of AC
 - Potential to add meeting space and reduce exhibit space
- Each convention using one exhibit hall needs 25 meeting rooms on average
- A two hall convention creates a practical maximum
 - Largest AC can handle based on space
 - Roughly 200,000 square feet of exhibit space
- Hall A/Ballroom space is not ideal ballroom use
 - New dedicated, divisible space - will increase competitiveness

MEETING PLANNER SURVEY

SAG Surveyed 73 Meeting Planners across the country

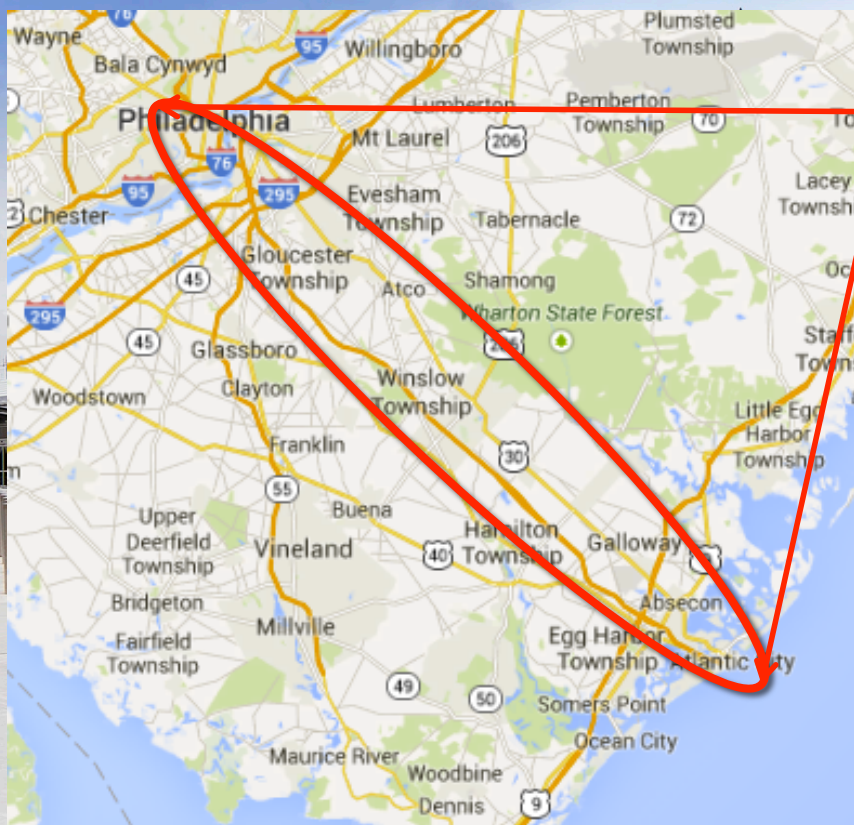
Source: Meet AC Database and MINT Search

Meeting Planner Profile

- Type of Planners
 - Over 70% of respondents represented the following markets:
 - Medical
 - Education
 - Pharmaceutical
 - Religious
 - Engineering/Scientific
 - Associations/Other
 - 30% of respondents had planned an event in Atlantic City in the last 5 years
- Size of largest/annual event
 - Average exhibit square footage – 115,000 sq. ft.
 - Average ballroom square footage – 41,460 sq. ft.
 - Average meeting room square footage – 57,510 sq. ft.
 - Average number of breakout rooms per day – 16
 - Average number of attendees – 3,760
- Room Block size
 - 50% need more than 900 peak hotel room nights
 - 20% need between 500-900 peak hotel room nights
 - 30% need between 100-500 peak hotel room nights

Airport Drive Preference

- Over 75% of respondents said their groups prefer to drive less than 45 minutes from an airport

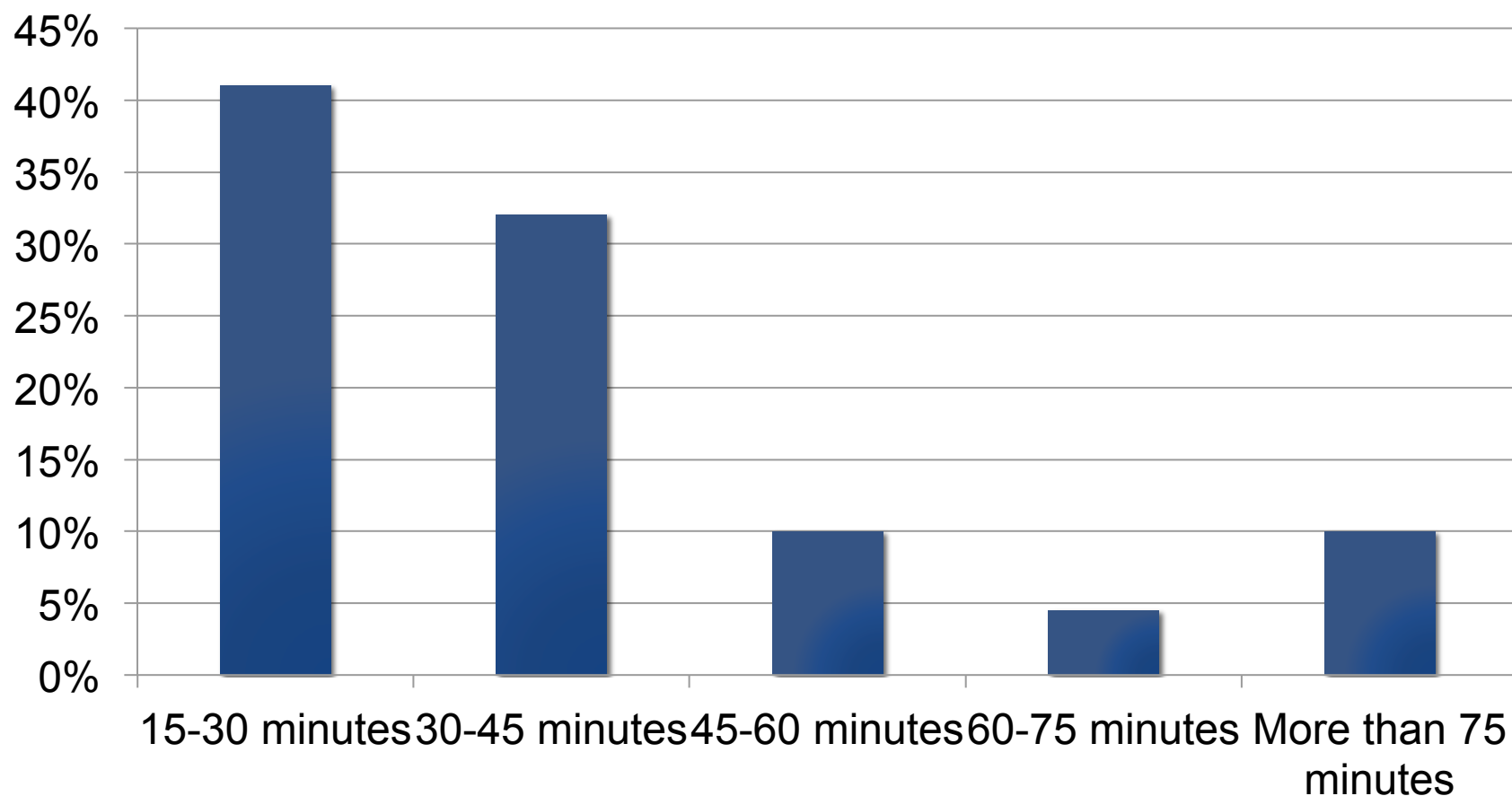


Philadelphia airport 60-75 minutes from ACCC



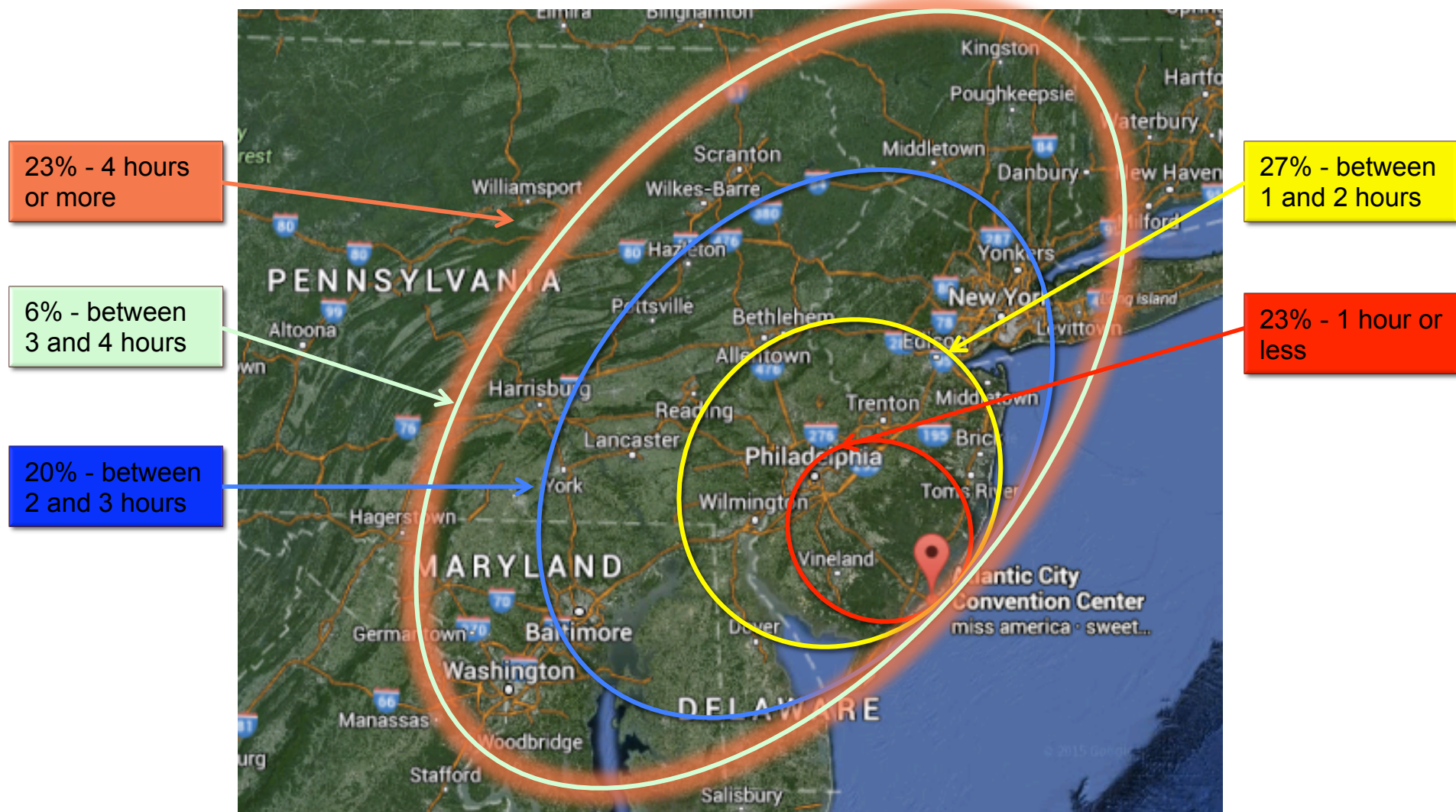
Airport Drive Preference

Airport Drive Preference Breakdown



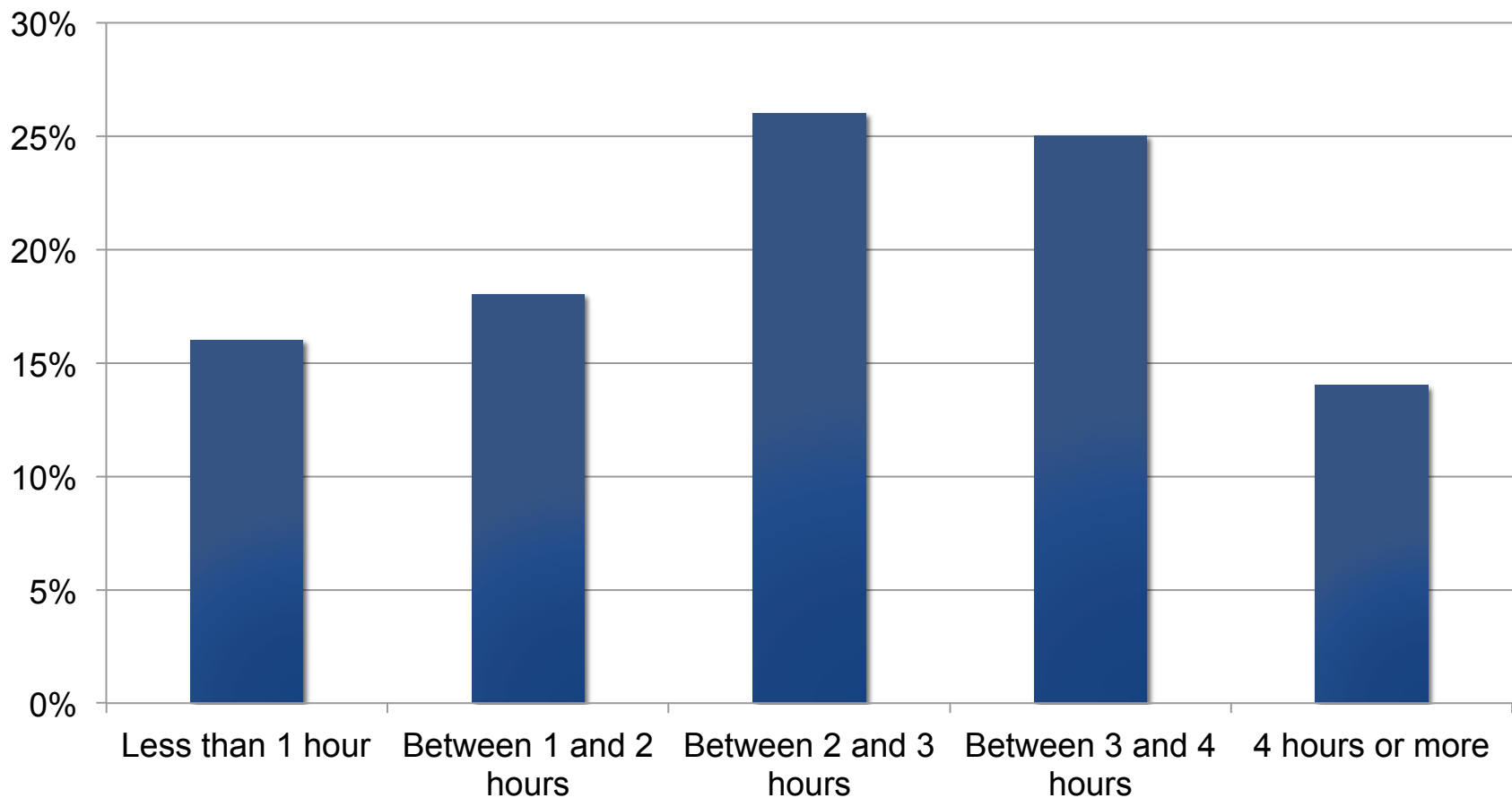
Group Travel Preference

- 70% of respondents said their groups will not drive more than 3 hours to a destination



Group Travel Preference

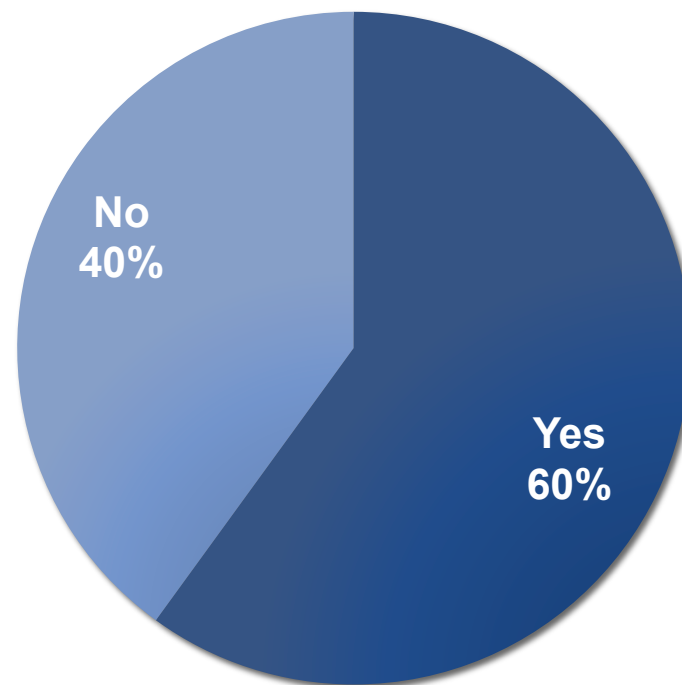
Destination Drive Time Breakdown



Is Atlantic City Appropriate?

- When asked, 40% of respondents who **had planned** an event in Atlantic City in the last 5 years believe the destination is **not appropriate** for their group
 - Additionally 27% said maybe
- Reinforces the need to drive communication

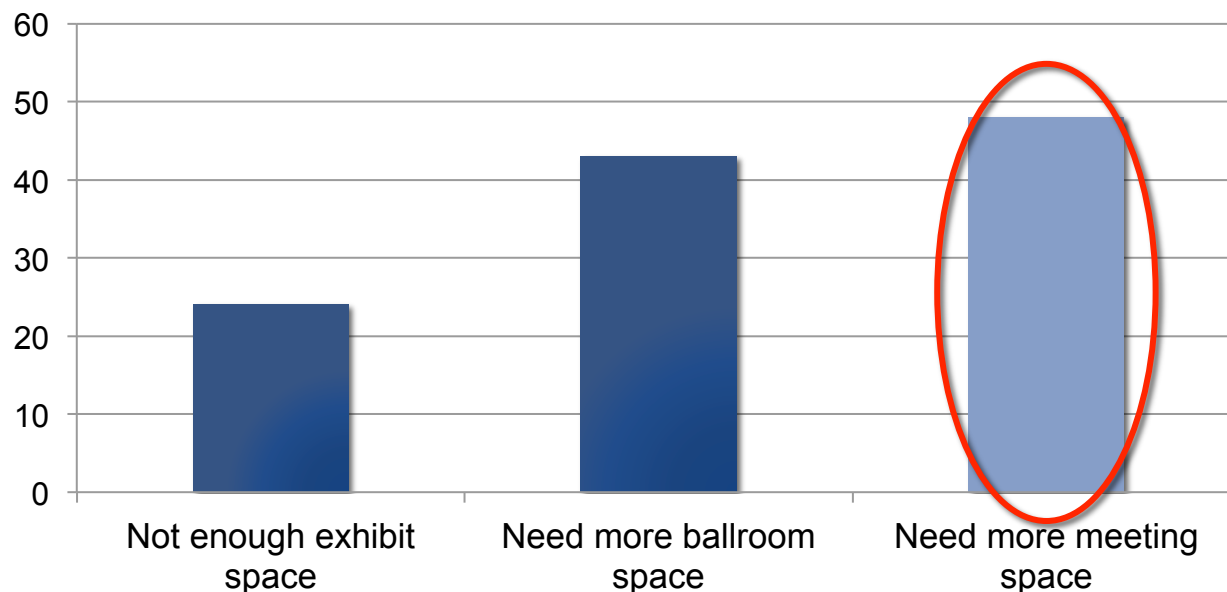
Is Atlantic City Appropriate?



Convention Center Needs

- Respondents reviewed a description of the Atlantic City Convention Center's capabilities, space and size
 - Nearly 50% said it **did not** or only **somewhat fit** their groups needs

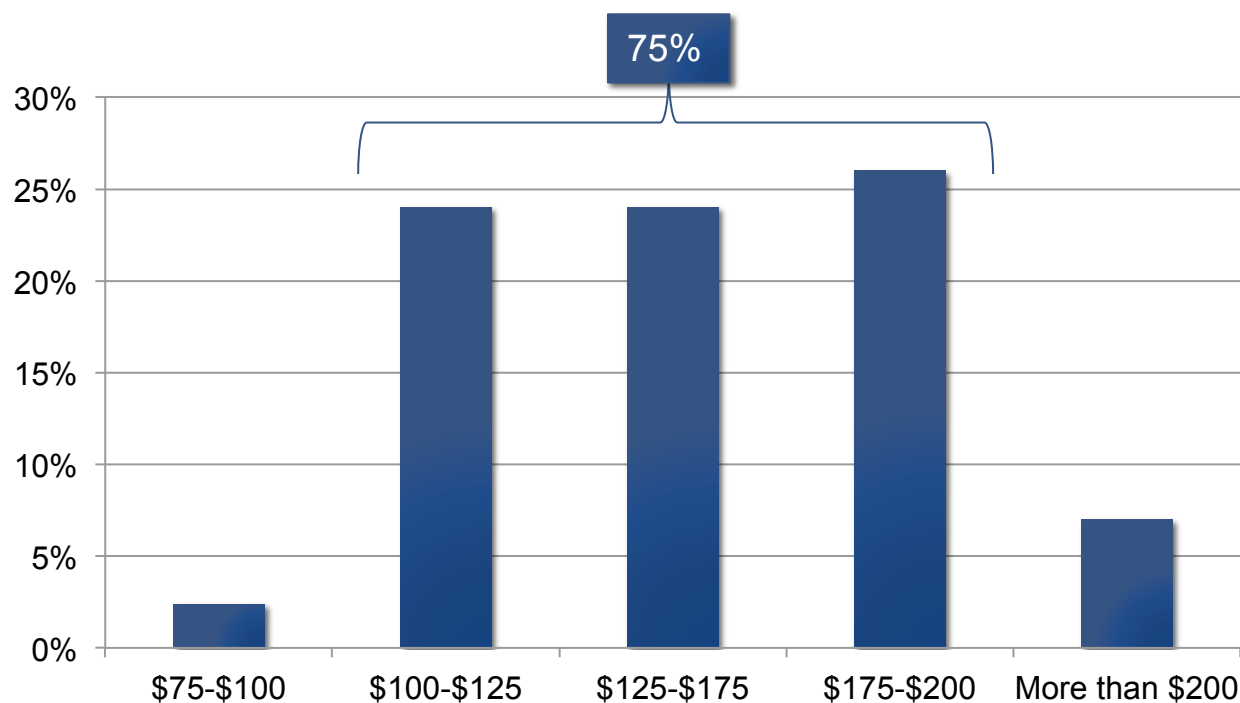
**Reason Why
Convention Center Does Not Fit**



Room Rate Threshold

- 75% of respondents said their groups are willing to pay between \$100-\$200 per night year-round for a hotel room

Nightly Room Rates

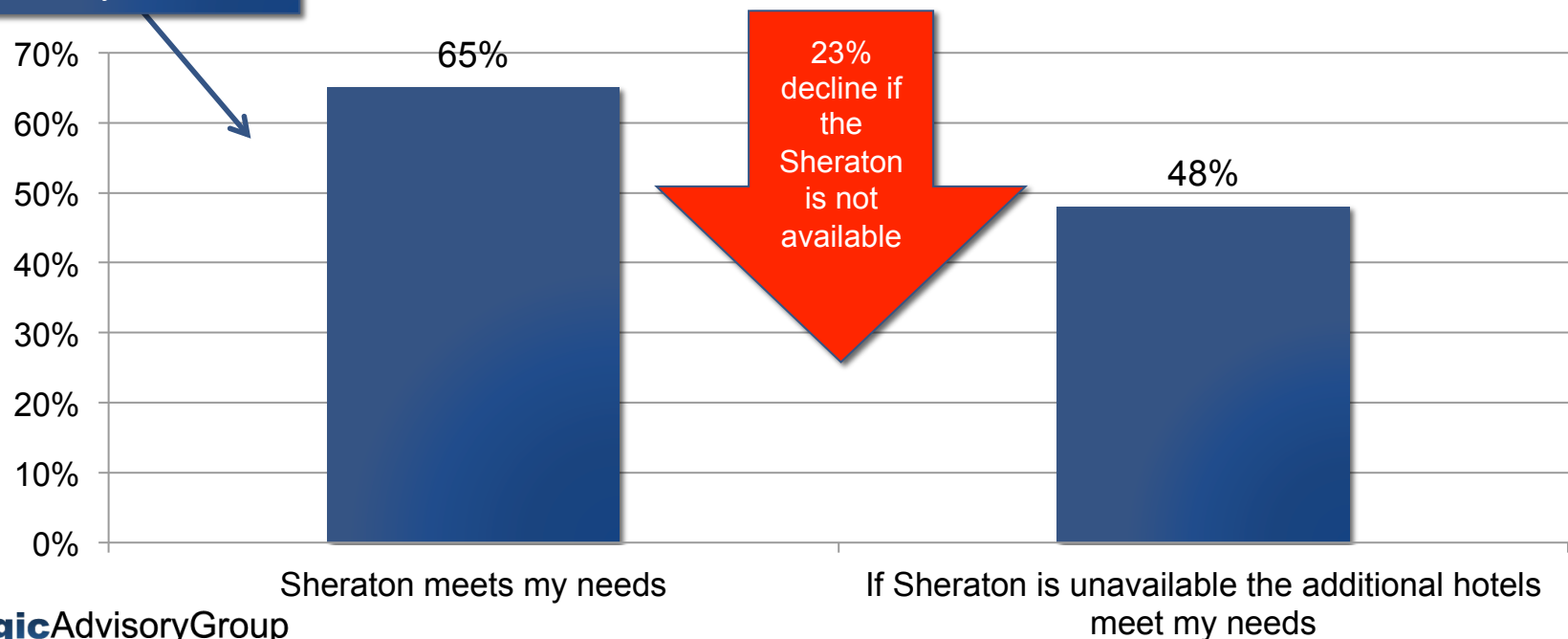


Headquarter Hotel

- 65% of planners said a headquarter hotel adjacent and attached is important to their group
- 52% of planners said the additional properties do not meet their headquarter hotel and overall needs without the Sheraton as headquarter

Percentage who book based on the headquarter hotel availability

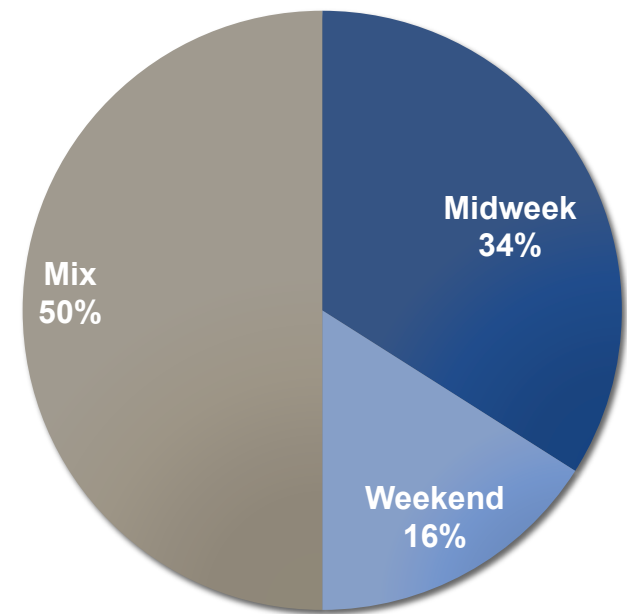
Hotel & Casino Fit



Event Timing

- 85% of planners plan their events in the Winter, Spring and Fall
 - Atlantic City's seasonal swing allows more groups to come during these months
- The majority of planners said their events need both weekday and weekend room blocks

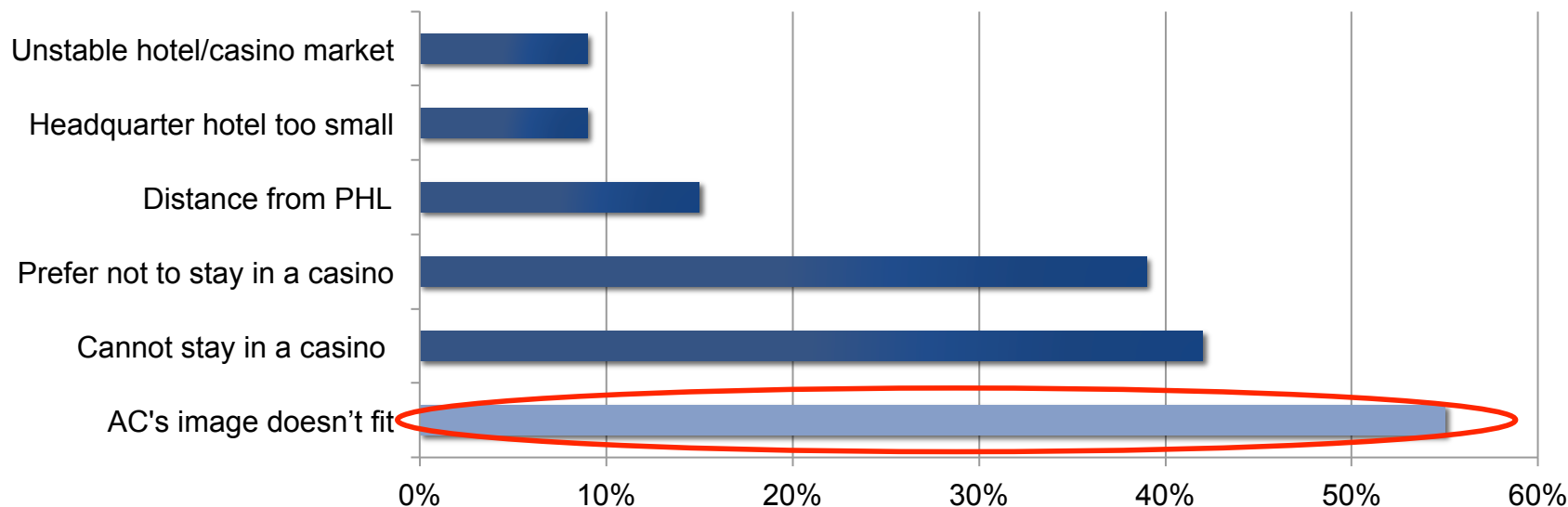
Show Days/Room Blocks



Is Atlantic City Appropriate?

- Over 75% of planners who had **not previously held an event** in Atlantic City believe it is **not appropriate** for their group
 - High percentage cited AC's image >50%

Why is Atlantic City Inappropriate?



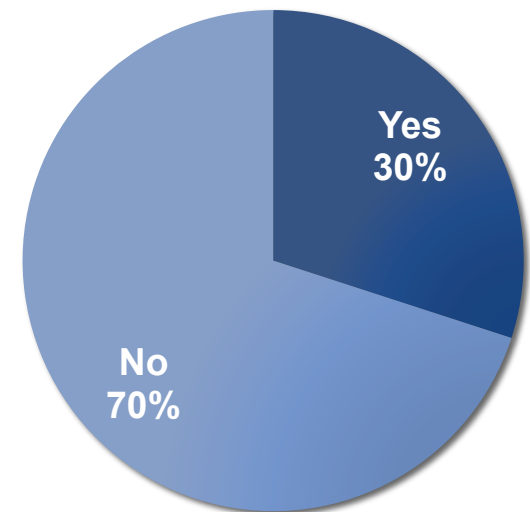
Why Is Atlantic City inappropriate?



Awareness Issue – Perception Impact

- Planners were asked if they knew about Atlantic City's amenities
 - Over 50% of planners who had not booked a meeting were unaware of the shopping, dining, and entertainment in Atlantic City
- After reviewing the amenities 30% of planners who **had not planned a meeting** here would consider Atlantic City for the future
 - ***5% changed their perception of Atlantic City***

Would You Consider AC?



Overall Atlantic City Perceptions



Meeting Planner Survey – Conclusions

- Atlantic City is primarily a regional, drive-in market within a 4 hour range
 - Drive time feedback
 - Feedback on airport location
- 60% “not appropriate” of both planners with and without Atlantic City experience is an indicator
 - Sales efforts need to be focused
 - Importance of continuing to drive communication
- Convention Center configuration is a limitation
- Atlantic City is under pricing the group market
- Increasing overall awareness of Atlantic City amenities is critical

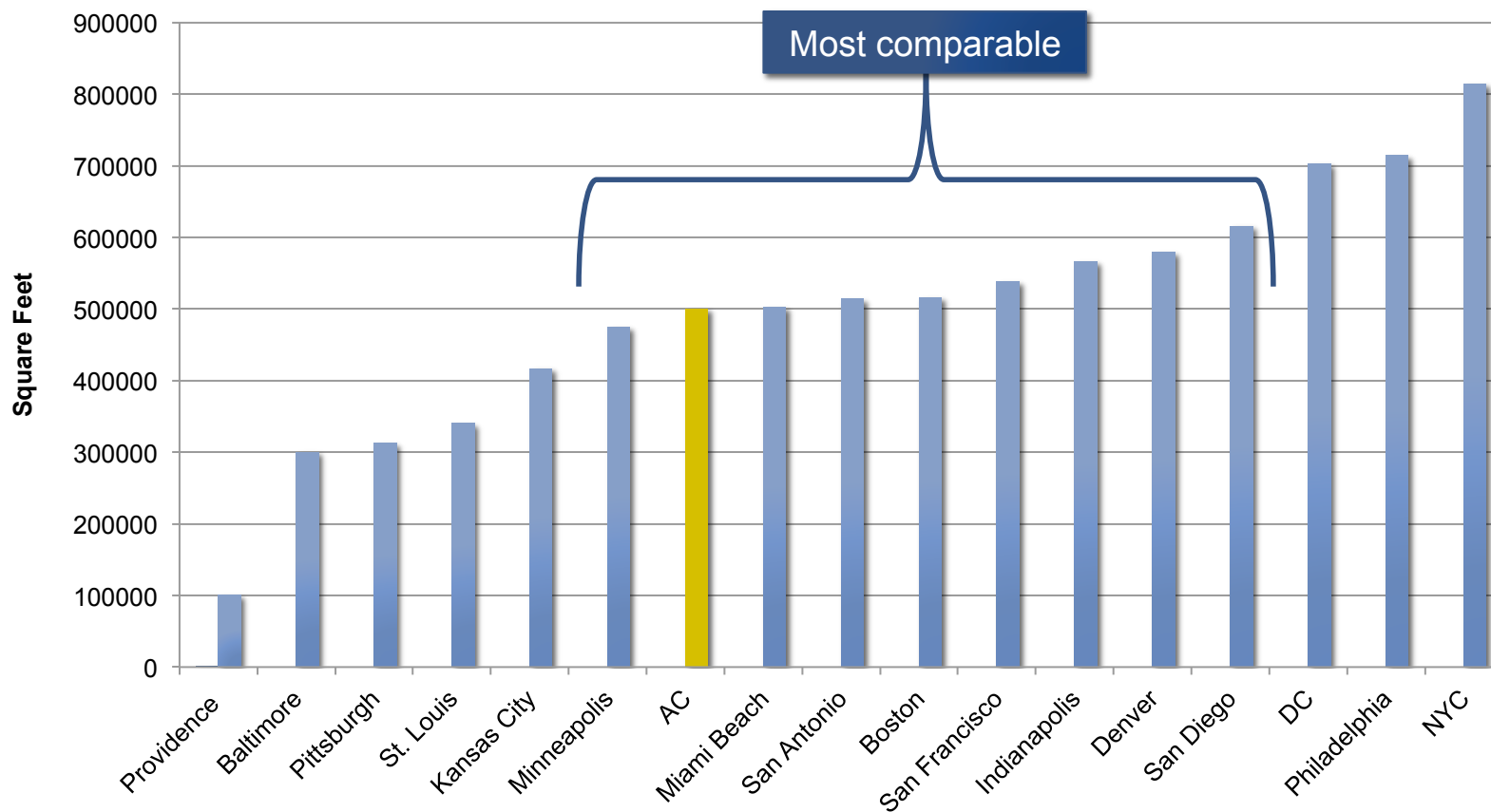
BENCHMARKING

SAG studied 16 competitive facilities

Selection criteria included exhibit square footage and regional competition

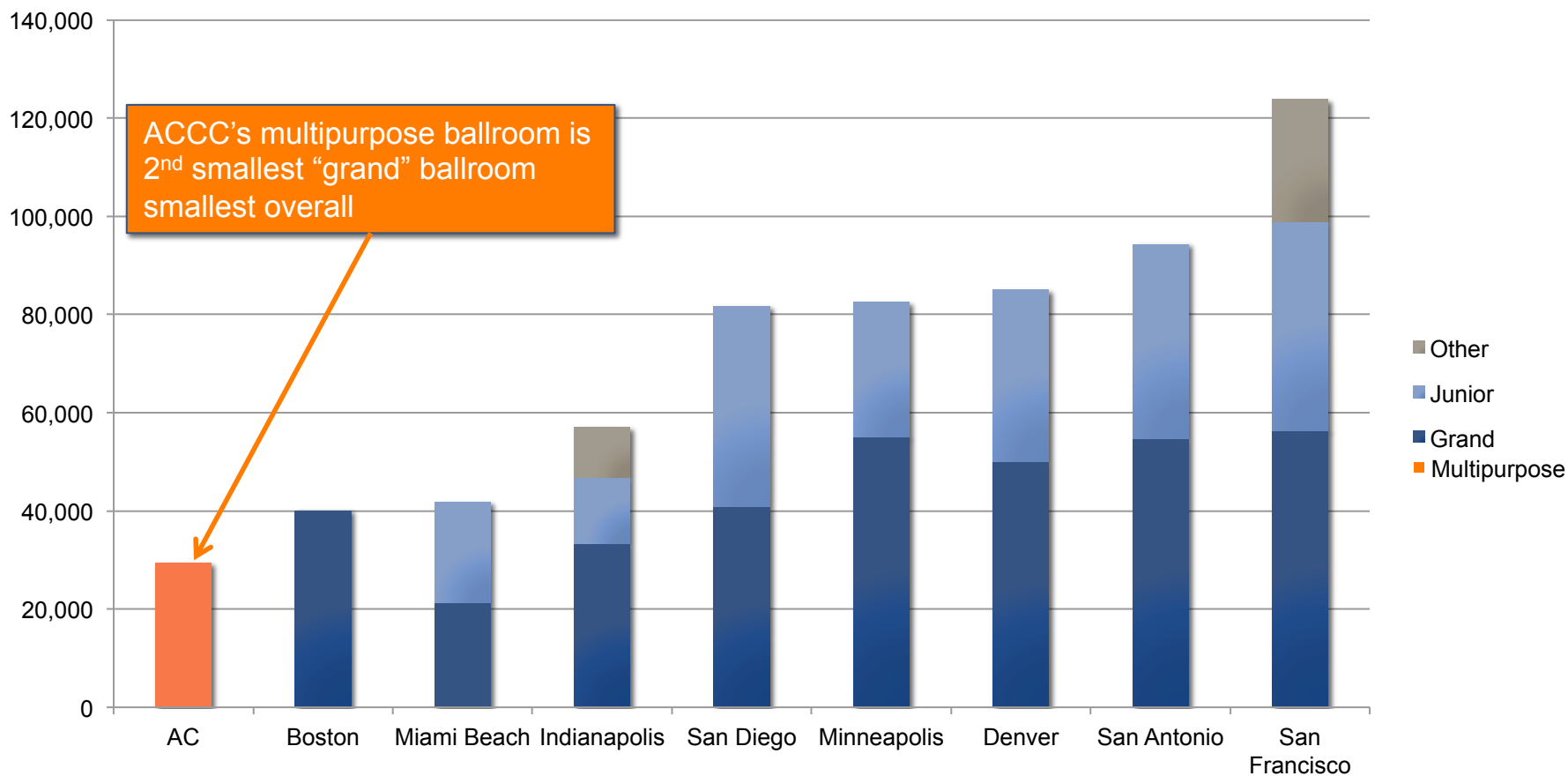
Exhibit Square Feet

- Atlantic City is in the mid range of exhibit space size



Ballroom Square Feet

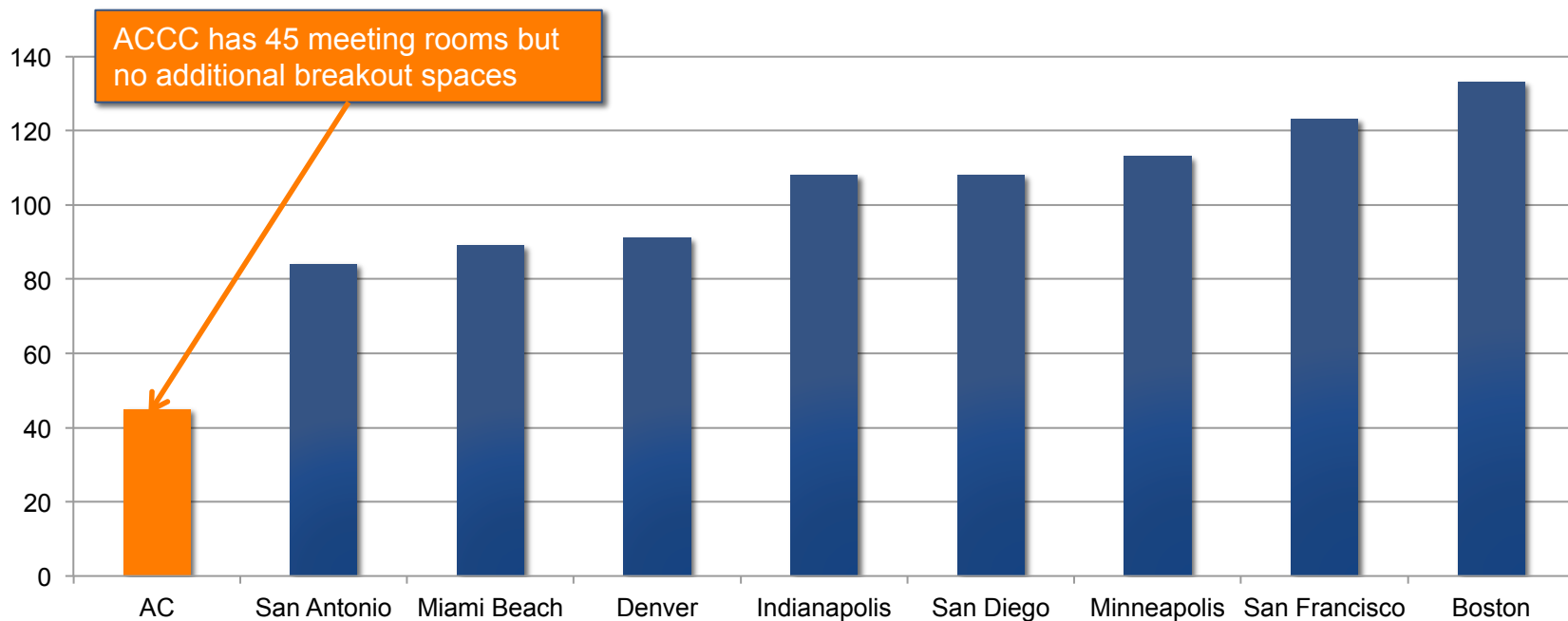
- Atlantic City lacks competitive ballroom space



Total Breakouts

- AC has a total of 45 meeting/breakout rooms where as most destinations had nearly twice the number of additional breakout spaces

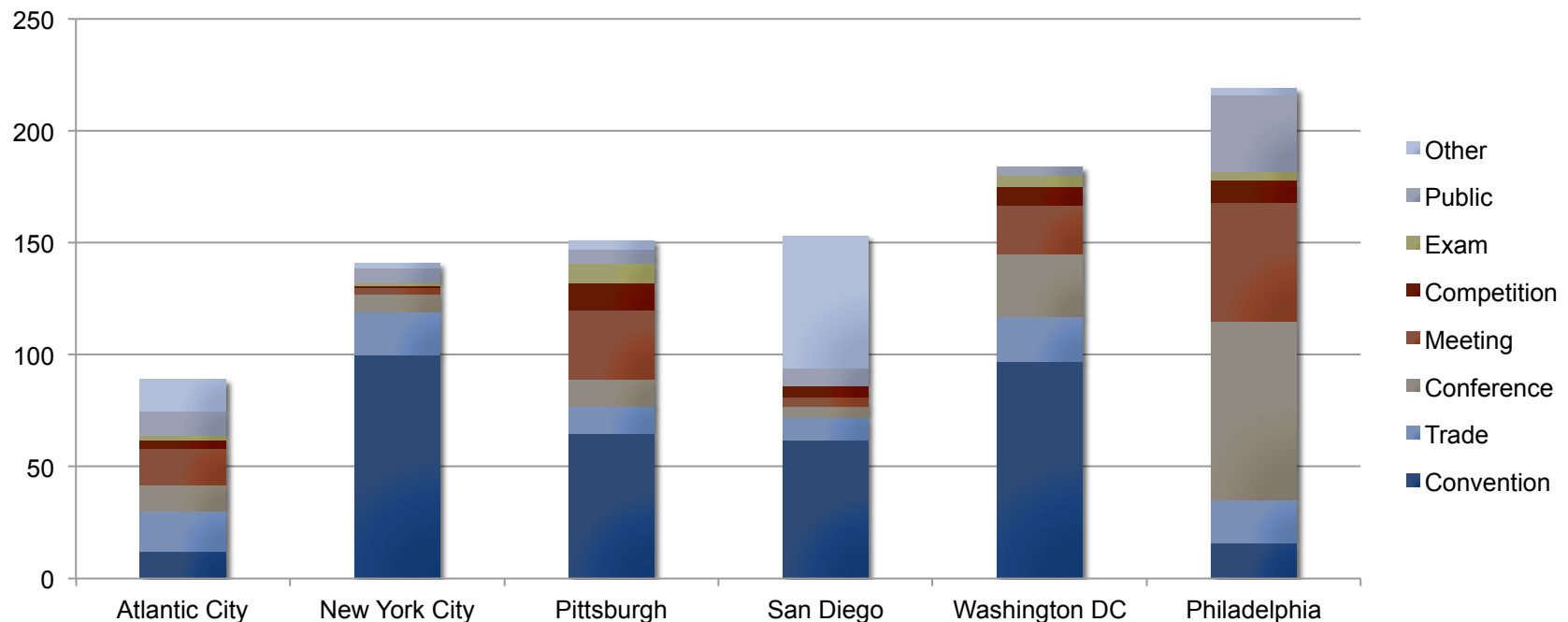
Facility Rank by Total Number of Meeting Spaces



Activity Levels

- SAG compared the regional and national centers to Atlantic City by overall Convention Center events
- Atlantic City is significantly lower in the number of events

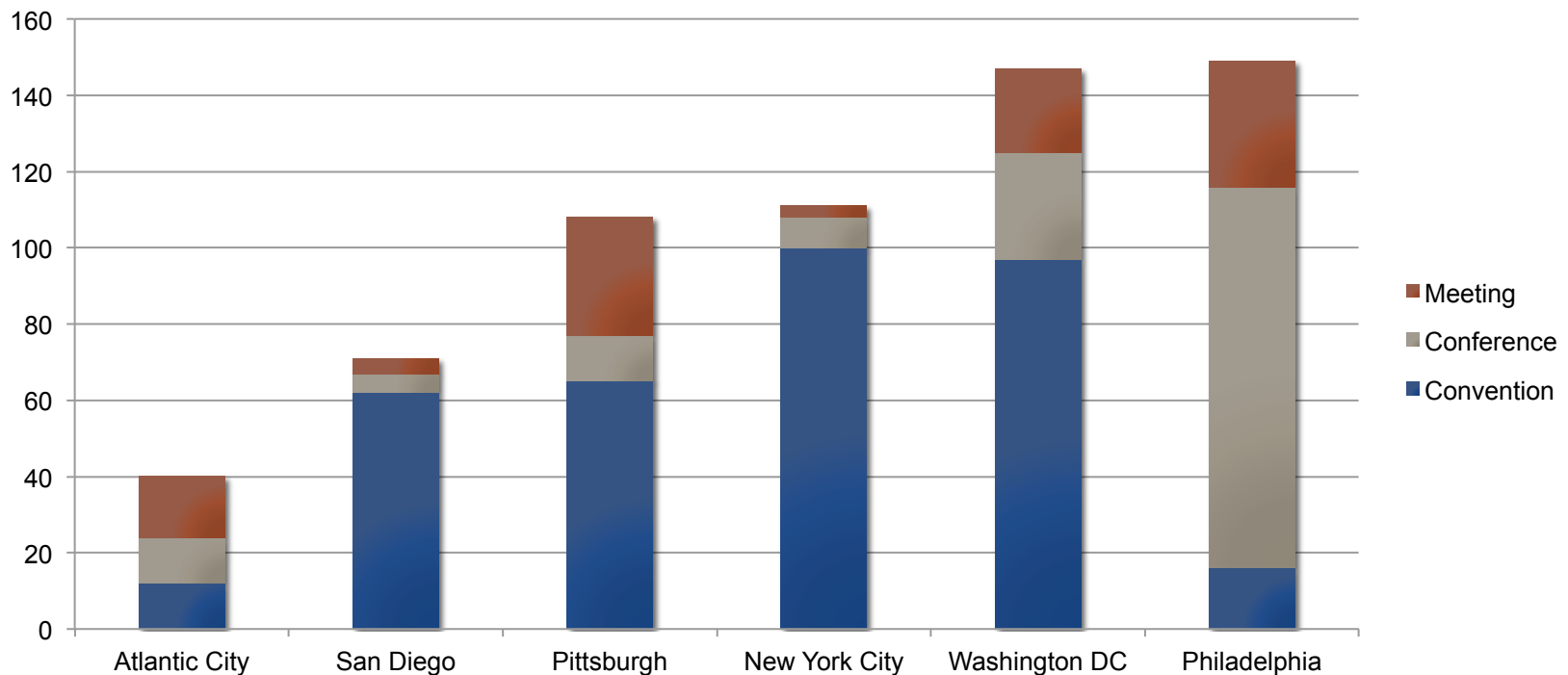
Convention Center Activity Level by Type



Core Event Comparison

- Comparing Convention, Conference and Meetings Atlantic City is the lowest in this set

Facilities by Core Convention Events



Conclusions

- Activity is strong at regional centers
- AC is potentially not getting share
- Reinforces the limitation of the current configuration
- Opportunity to focus TAP report on reporting Atlantic City's share of regional market

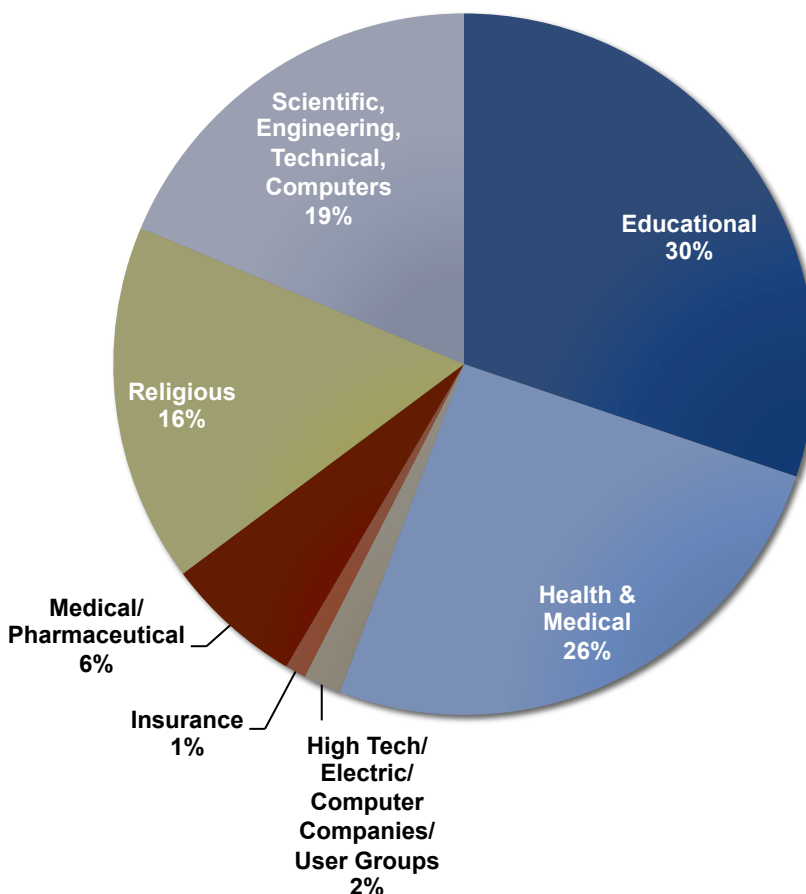
GROUP UNIVERSE

SAG Analyzed national and regional organizations

Available Group Market – Universe

- SAG analyzed a MINT search of the regional states within a 4 hour driving distance to assess the number and size of potential business
 - 372 groups
 - 529 total meetings

Regional Groups by Market



Final Conclusions

- Meeting planner responses supported focused regional effort
- Airport distance has impact
- Drive time threshold also creates a focused area to impact
- Important step is to saturate region and make a determination of true universe
 - More in depth research in future

Definition of Citywide

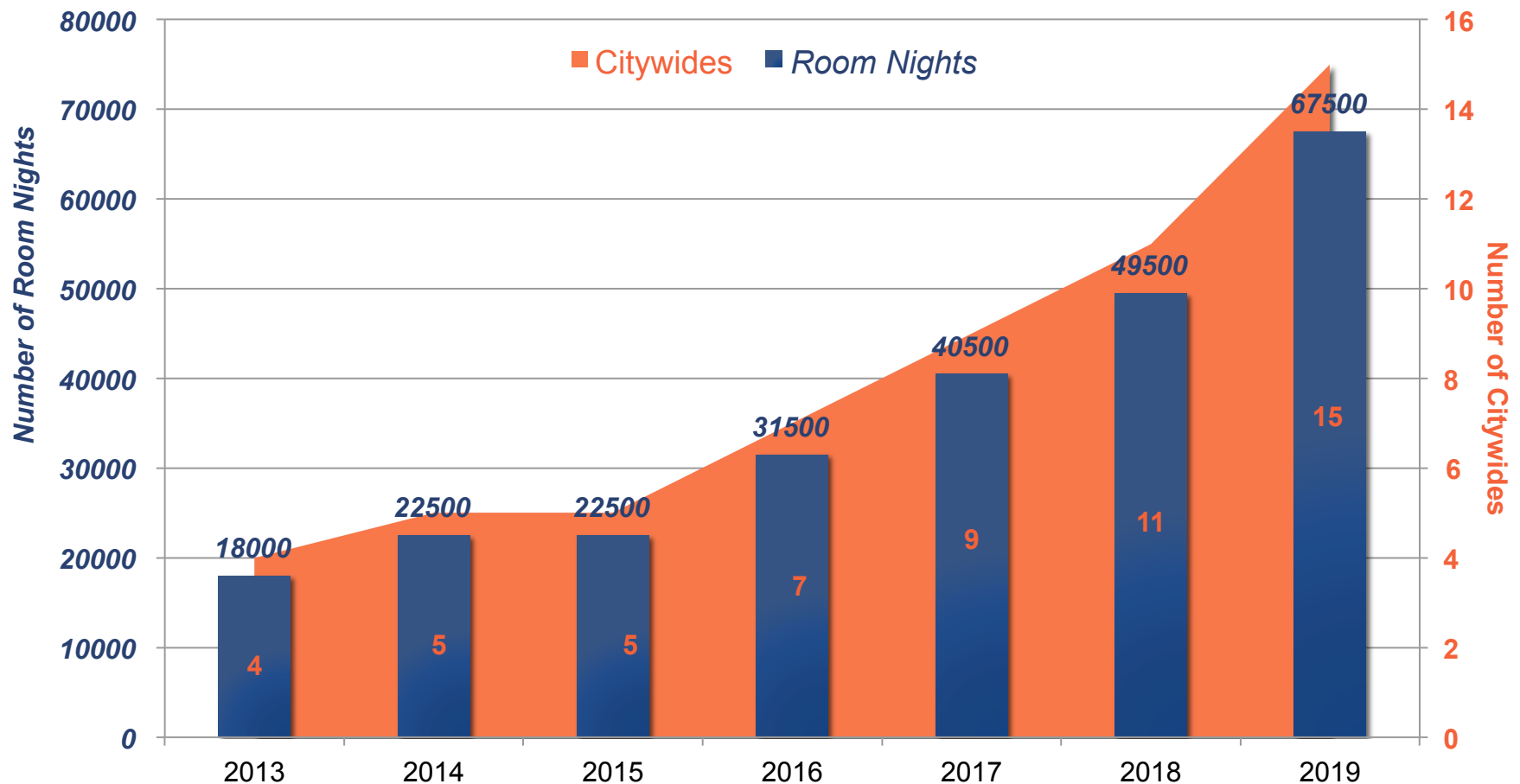
- Two Exhibit Halls - practical capacity
 - 200,000 square feet of exhibit space
 - this will maximize current breakouts
- Room block on peak
 - 1,500-2,000 rooms
 - Total room nights ~ 4,500
 - Use of multiple hotels

Goal Setting – Citywide Business

Industry Standard Practical Capacity 60%	
Atlantic City Practical Capacity (factors in holidays etc.)	34 citywide groups
AC Current Production	5 citywide groups
Factors to consider in calculating goals Reduction of 50%	AC negative perceptions (20%) Regional market (20%) New group sales effort – sales cycle (10%)
AC Aspirational Goal	17 citywide groups annually
First Year Goal – 2016 - 7 citywide groups	31,500 room nights

Goal Setting Citywide Business Growth

Five Year Growth



Key Considerations for Growth

- Full Sales Cycle – 5 years
 - Average of 2 years from initial contact to group going definite
 - Most groups book 3 years out
- Negative PR must be reduced
 - No more Casino closings
 - No related industry reductions i.e. Retail – Restaurant
 - City financial woes stabilized
- Positive PR must resume
 - New investment in Casinos and Hotels
 - New development in tourism related industries
 - Attractions, Retail, Restaurants
- Funding for overall destination PR and marketing
 - Loss of ACA funding and effort will slow down growth
 - Need to determine most effective use of available resources
 - Survey validated the need for concentrated PR effort

Thank You

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