



DEVELOPING A COMPETITIVE STRATEGY

CMAA NATIONAL MANAGERS CONFERENCE – 28TH JUNE 2023

LIVERPOOL CATHOLIC CLUB

WINNING
*Staying
ahead of the
rest!*





Strategic Planning: Long Term Value Generation

AGENDA

The Situation

- The Macros
- A Low Growth World
- Market Share Battle
- Business Drivers
- Expense Pressure - Case Study

The Customer Experience

- Understand your Customer
- Know your Market

The Tools and the Process

- Quantitative
- Qualitative

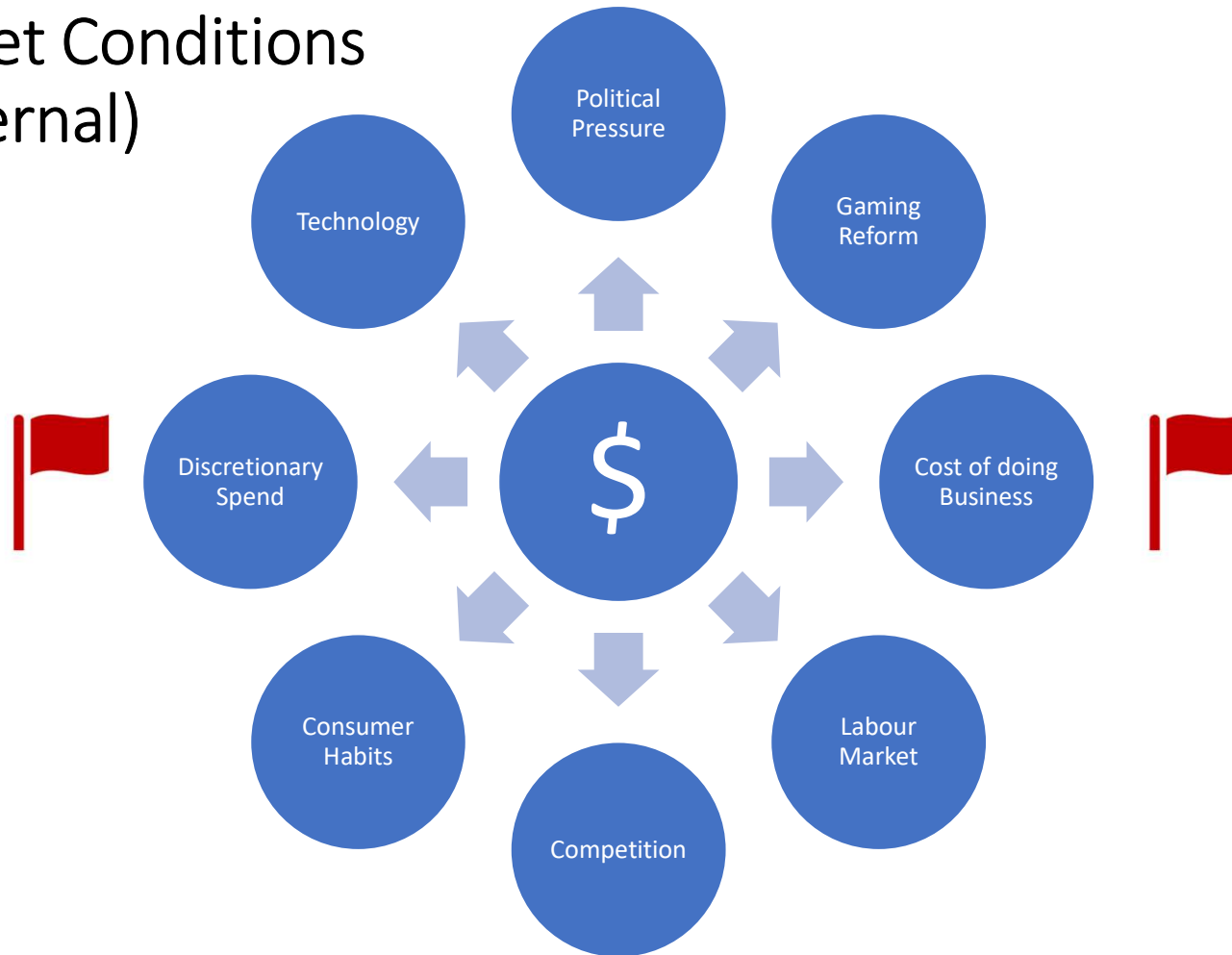
Strategy Development

2050 - Who wins?

- 'The Customer Experience' will always be the key driver
 - Core business product & service offerings that are not only relevant BUT providing a distinct competitive advantage
- Operating cost impacts and changed consumer habits will bookend two forms of Club models – with an exposed 'no man's land' in between:
 - A 'right sized' modern & efficient hospitality venue – assisted by technology (e.g., a standalone and well run local 'pub' style club)
 - Satellite Clubs that are aligned to their local markets - benefitting from consolidated head office environments that are driving efficiencies
- Core & Non-core assets generating acceptable commercial returns
 - Business units and floor areas generating yield and contributing to a positive cash flow
- A smaller, better trained, culturally driven and more productive workforce – earning more \$/hour



Macro Market Conditions (External)





Key Planning Assumption: A Low (or No) Growth World

- Revenue Stagnant
- Business Costs up
 - COGS
 - CAPEX (Build, EGMs)
 - OPEX (electricity, insurance)
 - Labour
- Profit Down
- Consumer costs up
 - Interest rates/rents
 - Expenses/inflation
- Discretionary spend down



Question:

*How Do We Compete in a
Low or No Growth World?*

Market Share Battle

Innovate or Amalgamate (or both)



*Change from “We think” to “We know”
Do the Work*

BUSINESS DRIVERS

ARE WE WINNING?

Are our core business
product & service offerings
relevant

AND

providing us with a distinct
competitive advantage?

Gaming

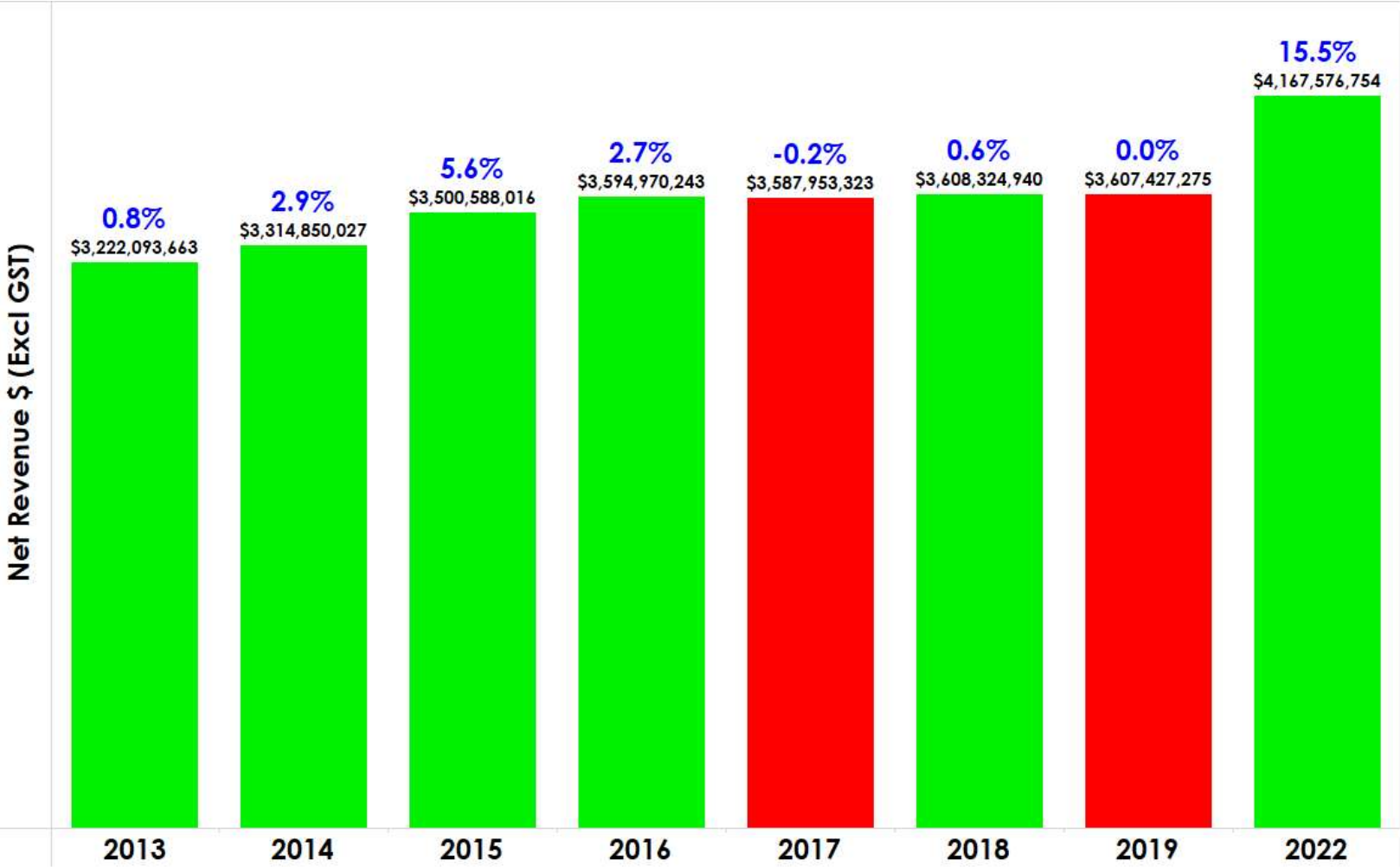
- Core Business Driver
- Competency
- Focus

Double Down
(Responsibly)



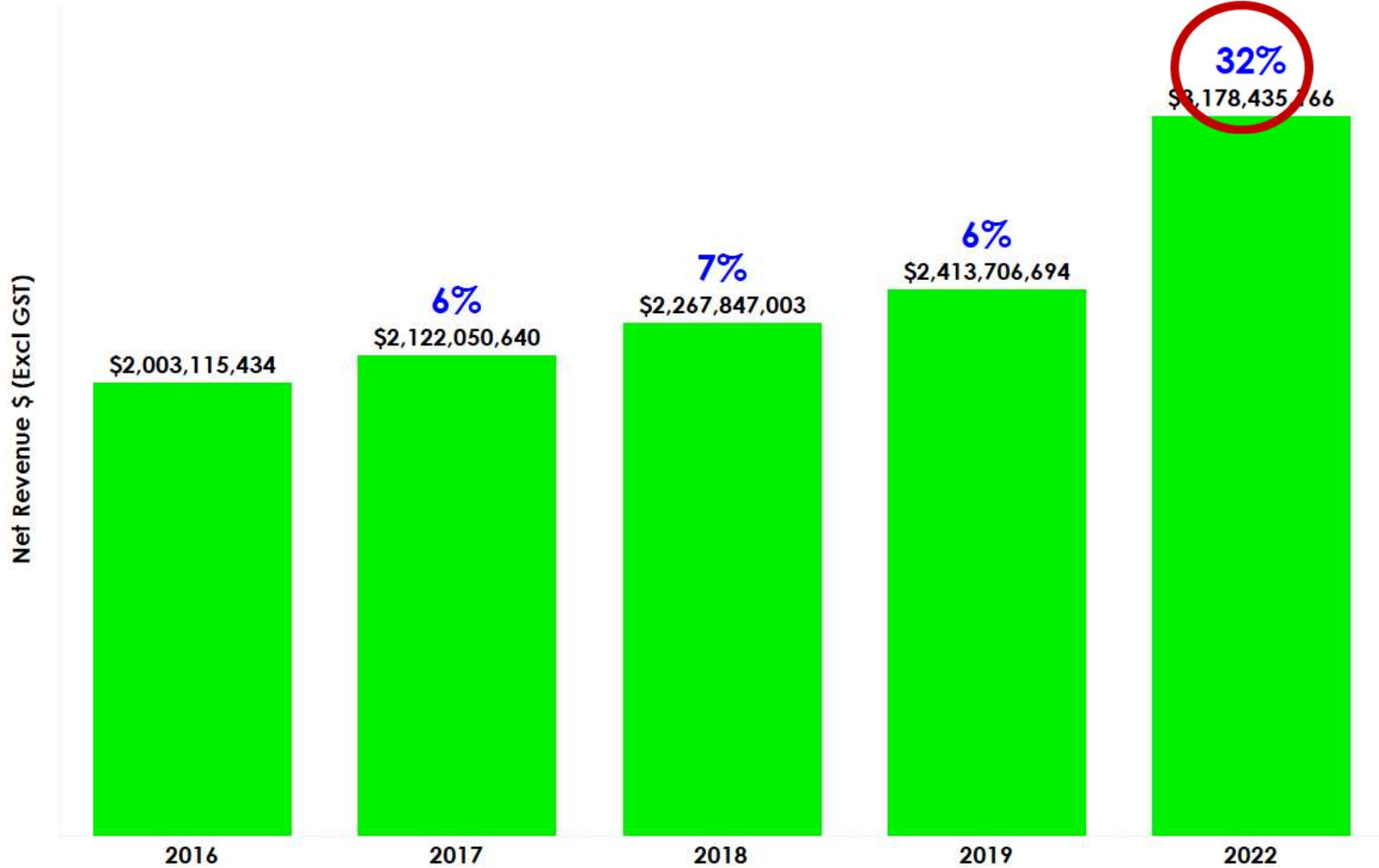
Total NSW Gaming Market Update

NSW Clubs – Total Net Revenue Trend (Excl GST) – Calendar Years



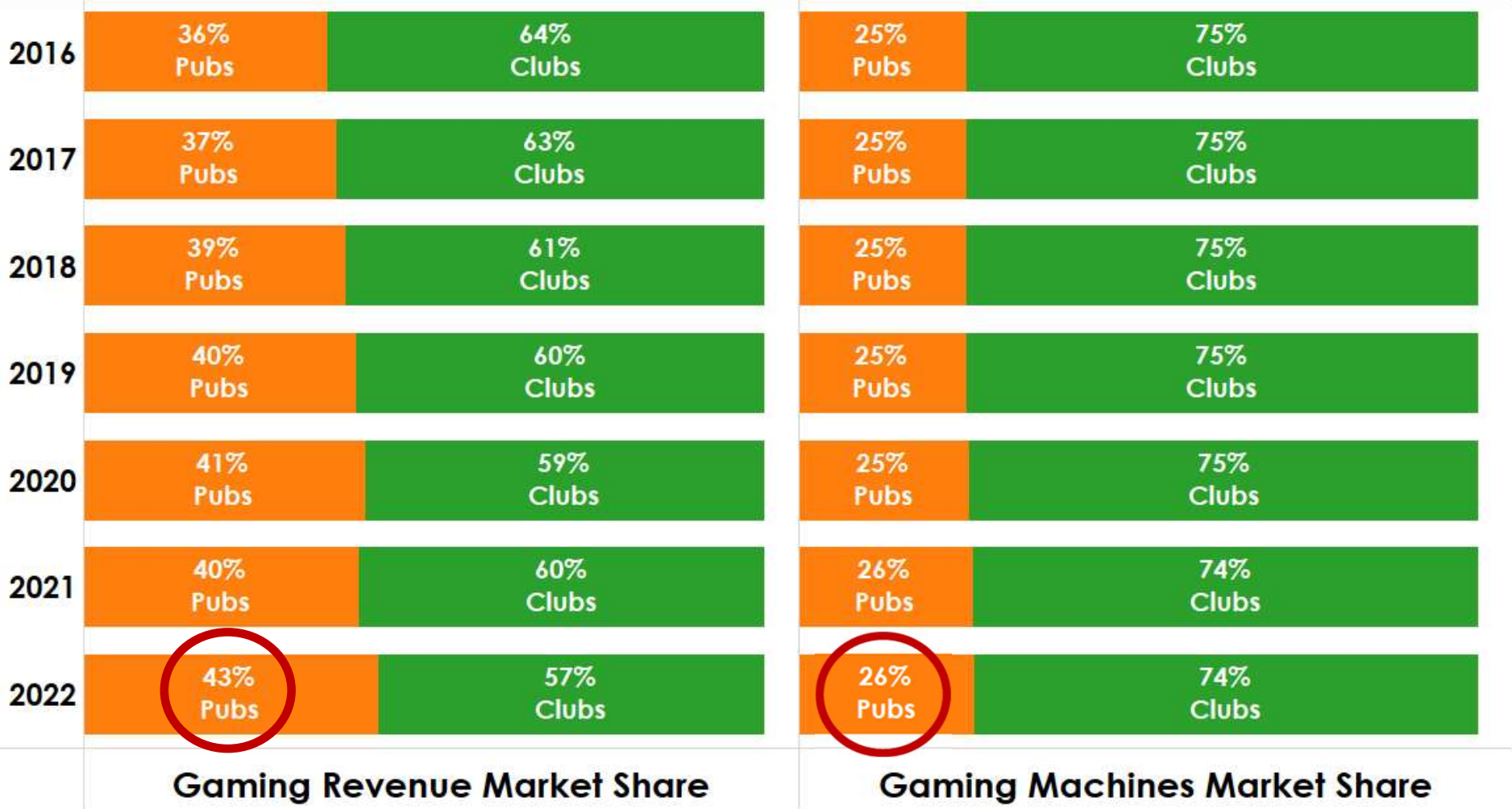
Excludes COVID Impacted years (2020 and 2021) to improve comparability

NSW Pubs – Total Net Revenue Trend (Excl GST) – Calendar Years



Excludes COVID Impacted years (2020 and 2021) to improve comparability

NSW Gaming Market Share



BUSINESS DRIVERS

ARE WE WINNING?

GAMING

What is 1 market share
point worth in NSW?

BUSINESS DRIVERS

ARE WE WINNING?

GAMING

What is 1 market share
point worth in NSW?

\$80M

Food & Beverage

- No 1 Driver of Visitation & Enjoyment
- Point of Difference

“Brings the community together”

(Danny Myer: Union Square Hospitality Group)



The business of food is tough

- Majority (in house) are losing \$
 - Very small net profits – at best
 - Critical shortages of key skilled staff
 - Visitations & volumes have not recovered
 - Core costs have increased significantly
 - Cost of living crisis – discretionary spend
 - Profitability trap – financial losses
 - Consumer expectations have increased
 - Structural change? Irreversible?
-
- Holistic consideration & strategic merits



Case Study

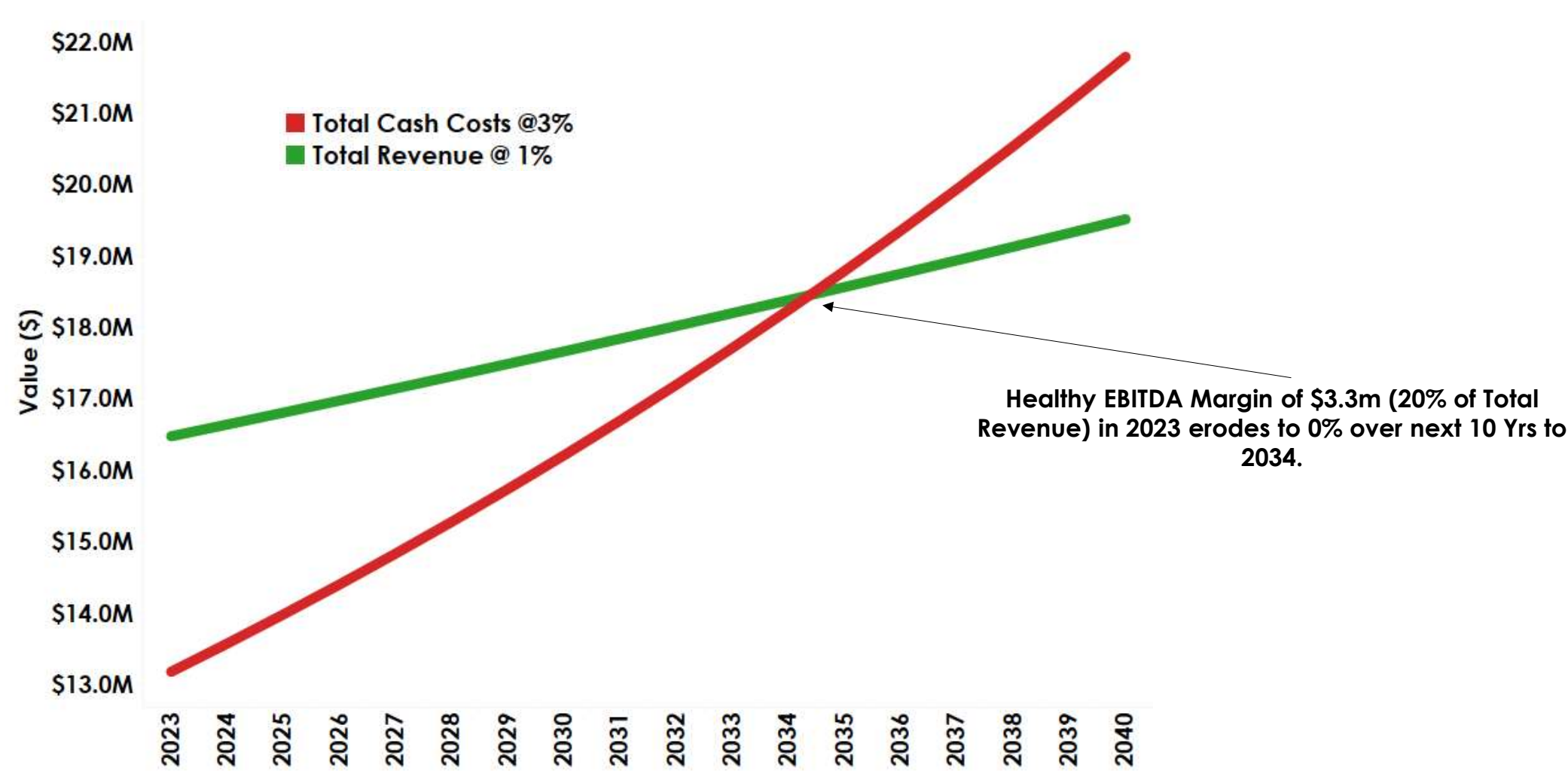
Modelling of Club Cash Profitability in an Environment of Low Revenue Growth and Persistent Cost Inflation

Scenario 1:

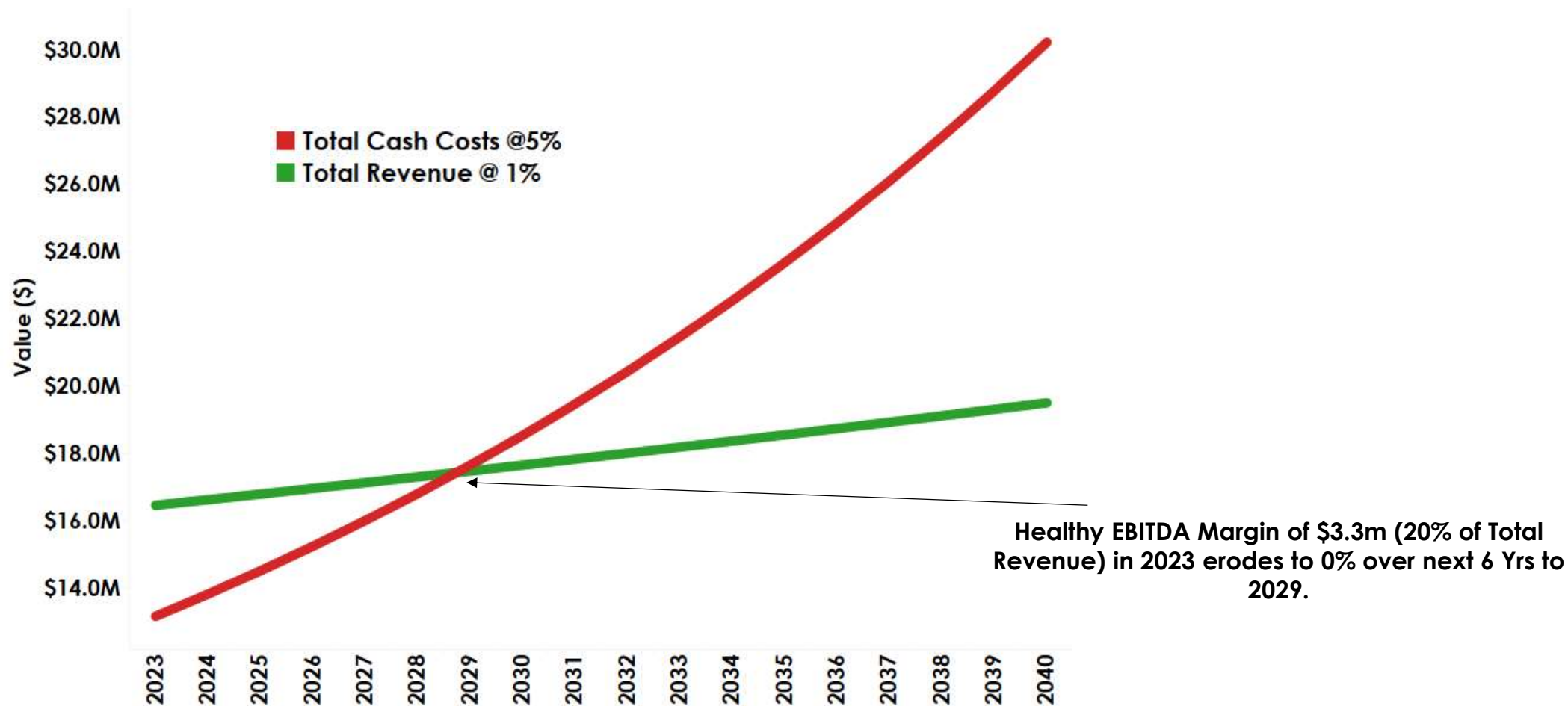
**Total Revenue Growth of 1% per annum compounding
Total Cash Expense Growth of 3% per annum compounding
Starting EBITDA of \$3.3m (20% of Total Revenue)**

Gaming: 68% revenue and 98% EBITDA

Revenue Growth @ 1% and Cash Expense Growth @ 3% p.a.



Revenue Growth @ 1% and Cash Expense Growth @ 5% p.a.



Drive EBITDA

- Intensify Focus on Core Business
- Scrutinize Costs & Inefficiencies – with Vigilance
- Eliminate ‘Lazy’ Balance Sheet Components
- Regular Board Update

Table 7.6 EBITDA% as an indicator of financial distress

EBITDA% range	Financial condition
> 25%	Business flourishing – ability to reinvest and reinvent as required.
15%–25%	Solid financial position – needs to critically evaluate capital purchases.
10%–15%	Stable financial position – sufficient cash flow to maintain current business operations. May find it difficult to reinvest and reinvent as required.
5%–10%	Financial distress – changes required to ensure viability.
0%–5%	Serious financial distress – serious questions as to whether the club can operate as a going concern.



The Customer Experience

"Hi Barry and so nice to see you again.....great watching the Tigers get up on the weekend.....and who is this joining you this evening?"

Know thy customer...or thy simply won't exist!

86% pay more for a better customer experience.



89% will begin doing business with a competitor following a poor customer experience.



New and Emerging
Attract & Hold

Loyal & Traditional
Protect & Enhance

Do we thoroughly understand:

- Key markets and their needs & wants?
- Competencies & key business drivers?
- Performance gaps?

A close-up photograph of three young women laughing heartily. The woman in the center is wearing a bright pink top and holding a glass of green juice with a lime wedge. The woman on the right has curly brown hair and is also holding a glass of green juice. The woman on the left is partially visible, wearing a blue top. A black rectangular box with a torn bottom edge is overlaid on the left side of the image, containing white text.

**89% of all lifestyle
decisions**

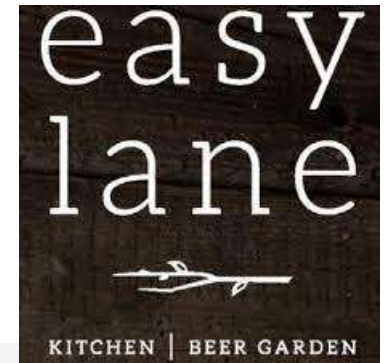
29/06/2023

Hospitality trends are driven by society's evolving needs

- Authenticity of Product
- Nature & Natural Elements
- Local & Community
- Convenience & Flexibility
- Sustainability & Environment
- Health & Wellness
- Inclusivity & Diversity
- Online and Digital World
- Sense of Belonging
- Safety & Comfort



BRANDING & POSITIONING



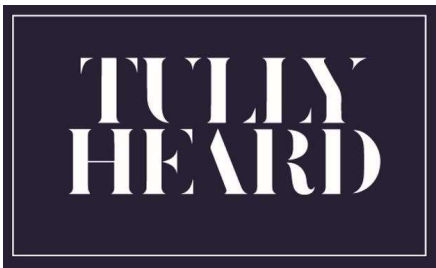
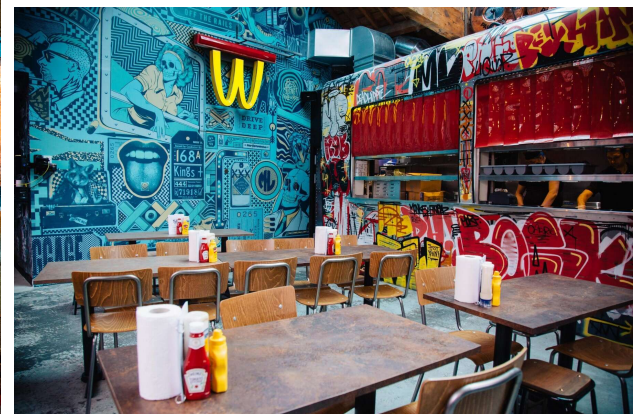
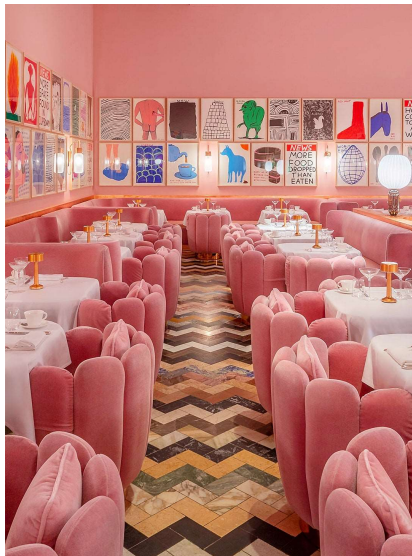
A horizontal strip of brown, textured paper is torn across the middle of the frame. The tear reveals a vibrant red background underneath. The phrase "KNOW YOUR COMPETITORS" is printed in white, bold, serif capital letters across the red area. A faint, semi-transparent watermark reading "dreamstime" is visible behind the text.

KNOW YOUR COMPETITORS

KNOW WHAT IS COMING



CURIOSITY & LEARNING



London Learning Tour

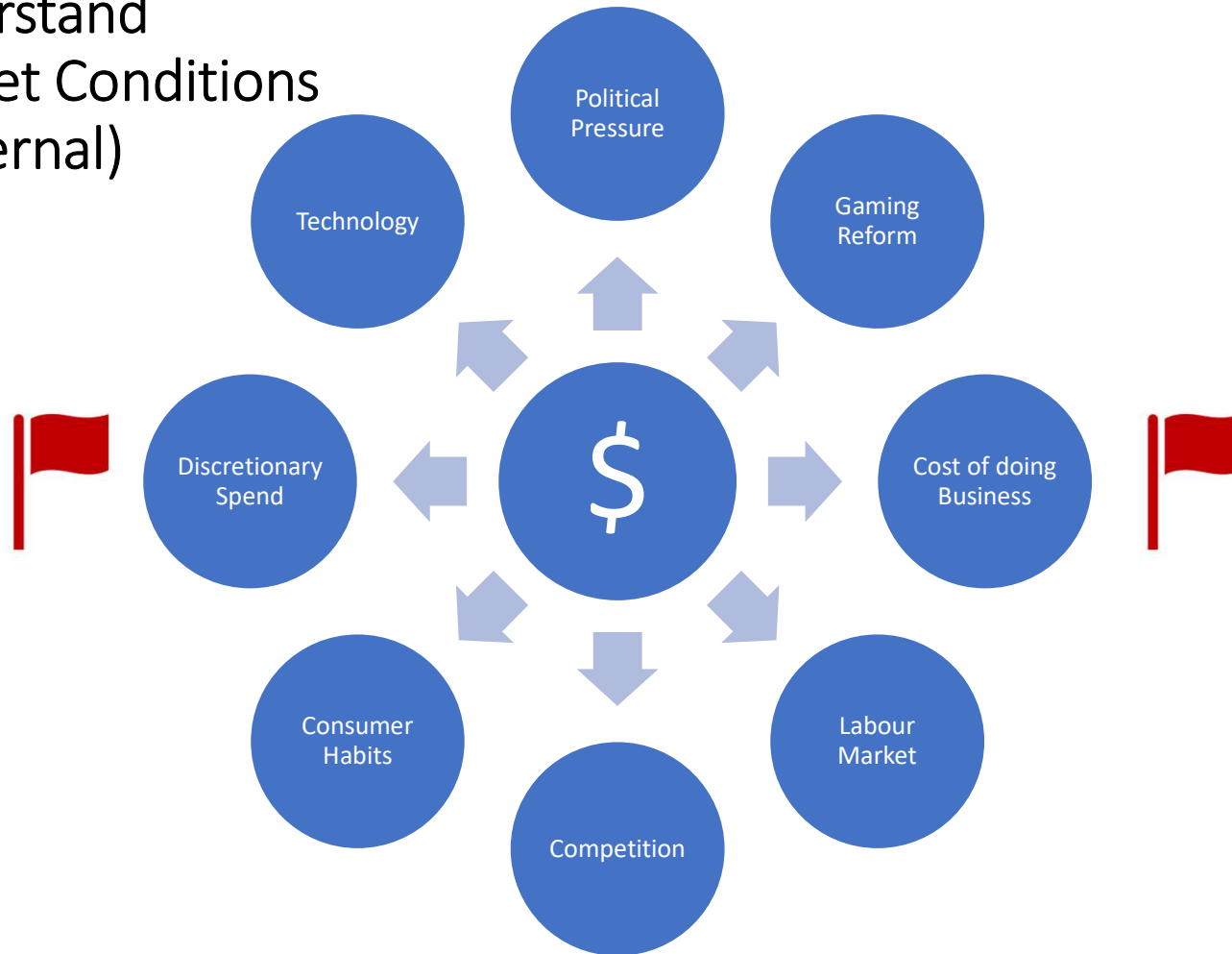
Diverse Food and Beverage inspiration - Casual dining focus

Sept 26 – Oct 2, 2023

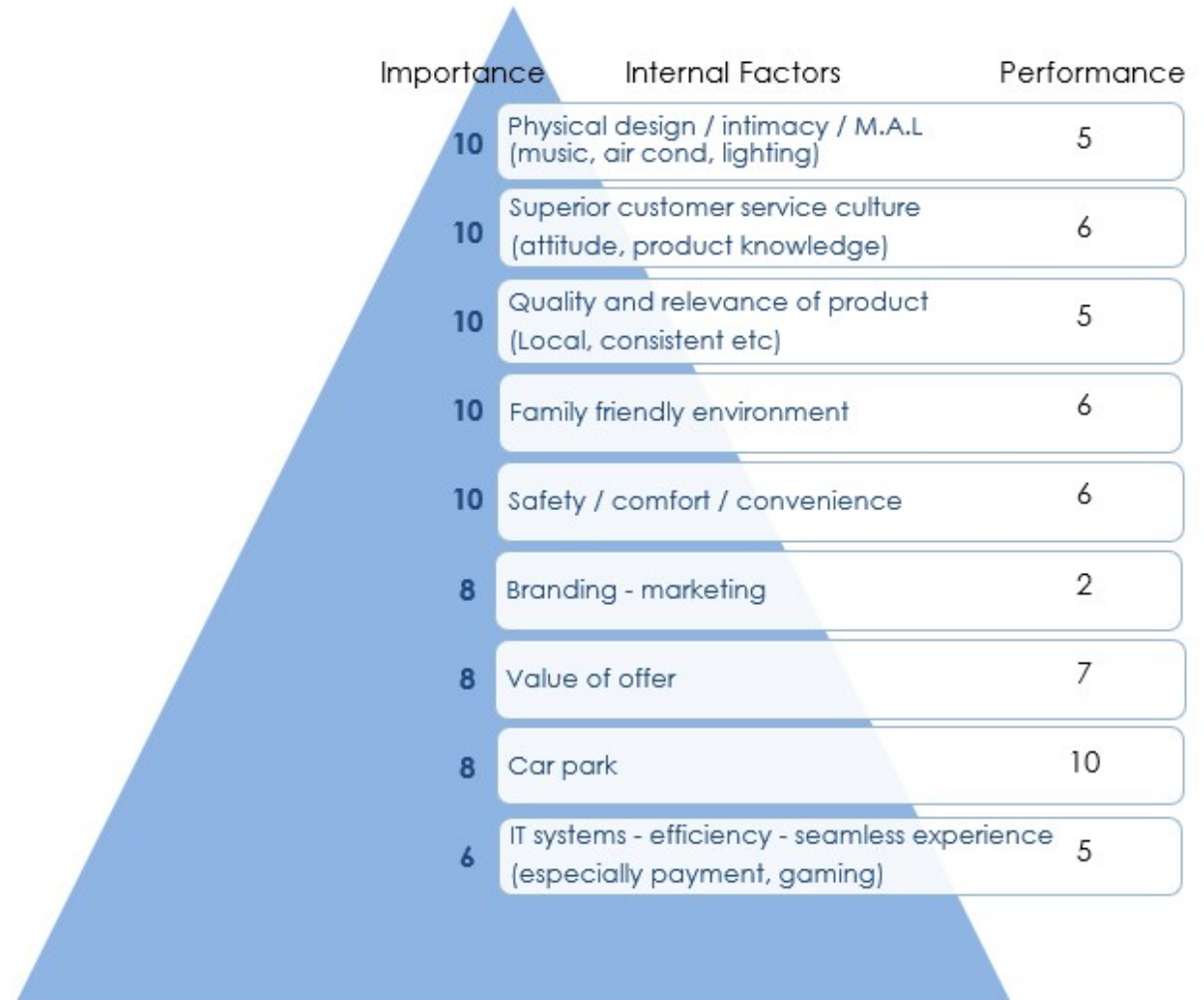
6 days – 25+ venues – 10 locations

Casual, Fast Casual and Elevated Casual Dining – Sports & Esports Bars – Restaurants – Exhibitions & Conferences – Breweries & Distilleries – Markets – Food Halls – Cafes – Urban Farms & Nurseries – Premium Bars - Food X Retail precincts - Gastropubs

Understand Macro Market Conditions (External)



Understand Critical Success Factors (Internal)





Change from “We think” to “We know”
The Tools & Process



Understand the Vision – The Why?

Data Driven Insights (Quantitative)

Source References:

- Gaming, carded gaming
- Membership
- POS
- Surveys
- Financials (P&L, Cash Flow & BS)
- Licensing
- F&B industry
- Competitive data
- Demographics, Socioeconomics, Spending Power
- Town planning & infrastructure

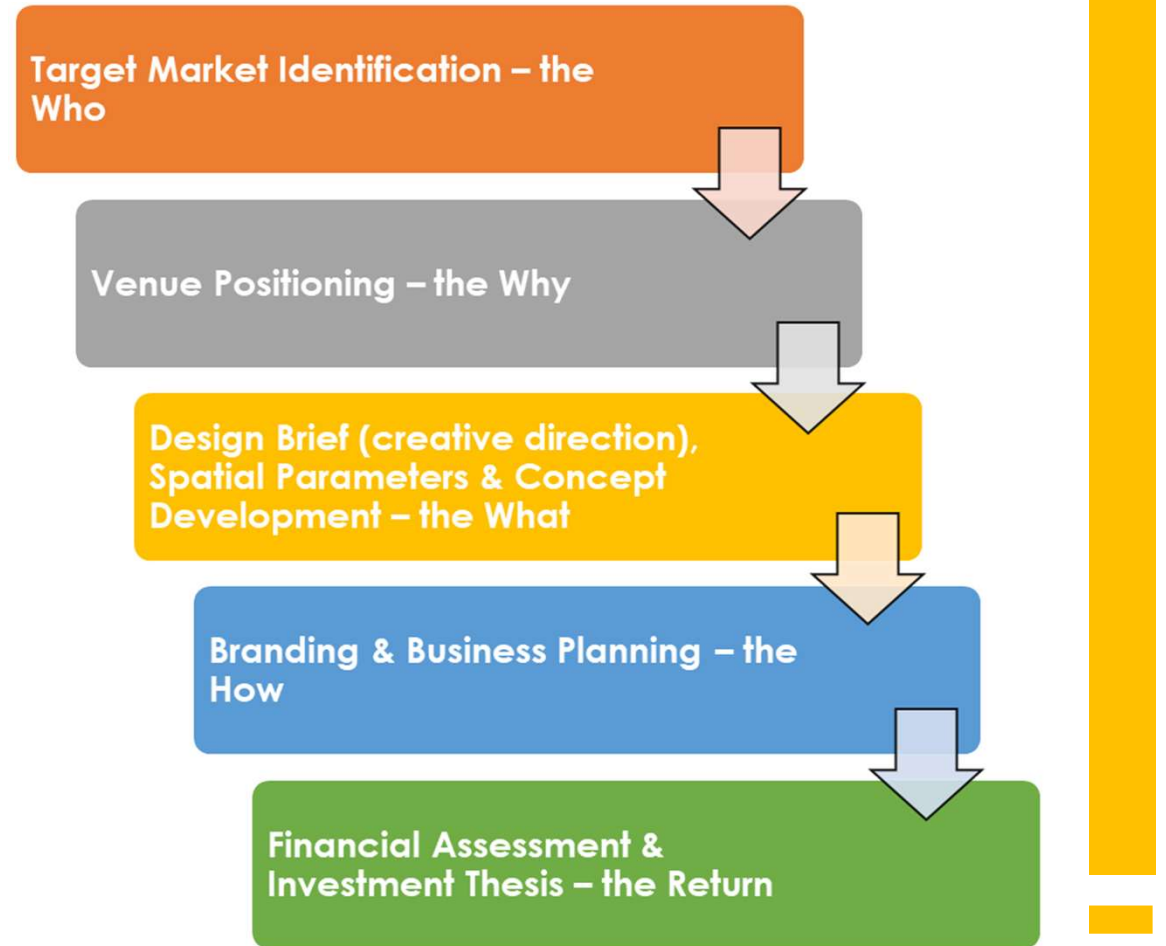




Experiential & Observational (Qualitative)

- Board/Mgt Knowledge
- Focus Group Insights – member & non-member
- Organisational Culture
- Community
- Operational Competency and Capability
- Competitive Assessment
- Market Trends & Consumer Behaviours

Develop the Competitive Strategy





Develop the Competitive Strategy

Expanding the business without losing focus
on the core operations

and/or

Enhancing new market opportunities that
are complementary to the core business

Complementary Diversification

*EXECUTE
&
WIN*





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