

## Business Overview – May 2019

Various actions have been taken since December 2018, to drive performance at the British Airways i360. In summary;

- A new General Manager, Ian Hart, was appointed in January who has brought a more commercial and professional approach to operating the attraction. We have 5 Strategic Goals.

**Awareness** – Improve through effective & targeted marketing

**Guest Experience** – enhance every aspect of the customer journey / experience  
ensure that the customer is at the heart of everything we do

**Operational Efficiency** – maximise through planning, improved processes and leadership

**Team Development** – ensure a highly trained and motivated team

**Commercial Focus** – ensure every decision is commercial with ROI consideration

- Increased awareness of the attraction and venue with the spend on marketing increasing to £500,000, in line with the LDP recommendation. A new Head of Marketing has been appointed who has been involved in the development of the new marketing plan. We have adopted a more focused and targeted approach. Employed a creative agency to develop a new creative, revised brand logo and brand advertising. Employed a digital agency to help develop and implement our digital strategy and improve our digital reach / conversion / transactions. Our digital reach is now 100,000.
- We have negotiated and signed a new contract with Sodexo to take over the complete operation for food beverage and event management on the site. This should improve performance and increase profitability of this part of the business. The contract underpins profit with a guaranteed minimum in place.
- All team roles and responsibilities have been reviewed and revised to ensure efficient management of the business.

### Visitor Numbers

Performance in visitor numbers started to improve marginally in February. In March we achieved growth of +8% vs LY and April achieved growth of +32% vs LY. This is a clear indication that strong growth is achievable and should continue to grow as the key elements of the marketing campaign start to take effect in June and through the peak summer months. Our current forecasts are:

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
LDP Projection	290,049	364,860	433,207	484,419	491,850	497,371
i360 Budget	320,000	390,000	450,000	495,000		

With the 2018/19 year ending at the end of June we are reasonably confident in the budget numbers for this year. These will be 10% above the LDP projection. We have applied realistic growth

numbers over the next 3 years which results in us outperforming the LDP numbers every year and achieving the LDP visitor number forecast for year 5, by year 3.

We expect to be able to make a payment to the Council at 30 June 2019 of not less than £150,000. If visitor numbers and therefore revenues in June hold up to our current forecast the figure will be greater.

## **LDP Report Recommendations**

### Engage the guests with the views

We have been working in improving the flight experience for our guests. We are in the process of developing some clip-on signage boards to be installed in the POD to help guests understand the view, highlighting key aspects. In addition, we have reviewed the previous App, improved it and will be re-launching it for July. It will be available in 10 languages. The current mini guide is also being updated in time for our peak season.

As part of the wider guest experience we have also trialled and will soon be implementing security gates which make the customer experience better and quicker whilst reducing our costs, as less manpower will be required.

### More penetration of the secondary market

Whilst maintain a strong presence within Brighton, we have increased our activities in the wider South East and London area. We have targeted advertising in main rail stations from Victoria station in London to Burgess Hill. We have digital advertising on screens within key Waitrose and Sainsbury stores. We have upweighted leaflet distribution across all of Sussex including the key commuter towns, from Guildford in the west to Tunbridge Wells in the East. These are located in other visitor destinations, cafes, restaurants and hotels. We also have leaflets in service stations on the M25 including Cobham.

In addition, we are maintaining a strong presence within Brighton to capture residents and visitors, with advertising on buses, digital screens both inside and outside the Churchill Shopping Centre and a number of banners along Queens Road, from the station down to the city centre. This is being supported by leaflet campaigns.

### Room for improvement across the international market

This is an area where joint partnerships are key as we need to be a part of a wider offer for Brighton including other activities and accommodation. We are working closely with both Visit Brighton and Tourism South East, in particular with the United States of America market, In addition we are targeting the Chinese travel market in collaboration with Visit Brighton and the Nordic and near Europe countries including France, Germany, Belgium and Holland , with Tourism South East.

We are continuing to work with the strong presence of Language schools in Brighton.

Our overseas press overview has also been improved, now available in four additional languages to English; German, French, Spanish and Simple Mandarin. This is being well received by visiting journalists and helping drive increased coverage for the BAi360 and Brighton.

#### Strategy & campaigns aligned with attraction industry best practise

As part of this we have applied for accreditation with Visit England – Visitor Attractions. We are currently awaiting their assessment and hopefully their quality standard award.

We have also commissioned some customer research with DJS, both onsite and online. This should give us further insight to enable us to improve further, and ensure we provide the best possible experience.

We have launched three core messages to communicate to all potential visitors; Brighton’s Best Views, Brighton’s Best Sunset and the South Coasts Highest Bar. Our logo is shortly to be updated to achieve two things. Firstly, to say what we are ie BAi360 Viewing Tower and secondly to ground us in Brighton with the strap line Brighton’s Best Views.

#### Pricing in line with expected with modest price increase

We took the decision to hold the headline price at £16:50 for 2018 and will hold that price for 2019. After that we will review and may look to increase it to £16.99. Our aim to maintain our yield that the LDP report stated was high. This will be achieved by ensuring that our promotional activity is not all about discounts but about value for money and enhanced experience. We sit very competitively priced within the market.

#### Concession Income forecast growth of 1.5%

Having negotiated the new deal with Sodexo to operate all food and beverage and manage the event space, we have the real opportunity to drive performance much higher than the LDP forecast. From a base number this year of £315,000 the growth over the next 3 years predicted by Sodexo is:

2019/20	£393,000
2020/21	£595,000
2021/22	£684,850

#### Sponsorship

Despite the agreed reduction in the sponsorship fee to reflect the reduced visitor numbers last year and this, our relationship with British Airways remains strong and supportive. The initial 5-year deal ends in August 2021.

#### Staff costs

Having reviewed the team numbers and structure we have reduced the size of the team and subsequently made some cost savings. The staffing costs for 2018/9 will be just under £1.7M., reduced from the £1.9m in the LDP report. As a % of revenue the LDP forecast was 37.5% for 2018/19. Our actual ratio is 33.5%.

We continue to be a Brighton living wage employer.

### Expenses

We have increasingly got a better understanding of all costs and have developed a more robust budgeting and monthly control process. This will ensure tight control of costs going forward. This year 2018/19 demonstrates good control, and are better than the LDP forecasts.

	i360	LDP
Repairs & Maintenance	3.4%	4 - 5 %
Utilities	2.6%	3%
Insurance	2.8%	3%
Other Costs	16%	16%

The total operating cost for the year 2018/19 will be 63.5% of total revenue. The LDP forecast for this year was 68%. This shows that operating costs are being well controlled and are not excessive.