

Smarter use of energy improves customer experiences and protects margins

Powering a profitable future for the leisure sector



The percentage of leisure businesses surveyed who agreed that having a coherent energy strategy offered opportunities to help them become more customer-centric¹

How customer-centric is your energy strategy?

Staying competitive in the leisure sector means continually enhancing the customer experience. But with margins under pressure, it's difficult to make the ongoing investments needed to ensure your customers enjoy their experience and return.

So how can energy help? A flexible energy infrastructure and supply is vital for creating the right customer environment – it's also a key cost. By managing energy more effectively, you can deliver the efficiencies that enable new investments in your customer experience. For example, Places Leisure installed our combined heat and power (CHP) solution and are now saving £250,000 a year in operating costs.

In today's highly competitive market, we believe that leisure firms must continually enhance the customer experience to attract and retain customers. If you're not providing the optimal heating, lighting and air-conditioning, for example, average customer spend and repeat visits will decline. But by taking advantage of new approaches to energy management, you can create the efficiencies that enable you to invest in better customer experiences while protecting your margins.

Experience is everything

Today's increasing shift in consumer spending from goods to experiences is creating new opportunities for leisure businesses. But it's also piling on the pressure to continually enhance the experiences you deliver.

Consumers now have more influence than ever on the way they are treated. And they know it. Customers are quick to react to their experiences and voice their opinions, with social media in particular often amplifying both the positive and the negative.

On the upside, social media creates a valuable community of brand supporters. Walt Disney World, for example, has 15.8m followers on Facebook and 2.9m on Twitter. On the downside, negative social media campaigns can have devastating fallouts. When 2017's consumer-initiated #BoycottSeaWorldDay was publicly endorsed by celebrities on Twitter, the leisure attraction incurred a net loss of \$202.4m and a 1.2m drop in visitor numbers.

Pressure points

Trends such as the increasing penetration of smart TVs, increasing competition from online and at-home alternatives are forcing leisure venues to deliver differentiated experiences.

At the same time, rising costs, including energy, are squeezing already slim margins, making it more difficult to justify and keep up investment in the customer experience. Minimum wage rises in the UK and many US states increase the pressure even more.

Added to which, the seasonal nature of many leisure businesses exacerbates the problem. Revenues fluctuate while infrastructure and services have to support extreme peaks in demand.

64%

The penetration of smart TVs in the US in 2017²

8%
CAGR

The growth rate of gaming on consoles, PCs, tablets and smartphones³

32%

The percentage of UK hospitality and leisure providers looking to make cuts to cover the increased costs of National Living Wage legislation⁴

26%

The percentage of leisure businesses who listed "dealing with highly seasonal/ fluctuating demand" among their top challenges for the next 12 months⁵

The energy effect

As the Institute of Customer Service⁶ has highlighted, there's a clear link between leisure organisations getting customer experiences right first time and achieving high scores for satisfaction.

Ambience is a key consideration when evaluating customer experiences – and energy is pivotal here. Providing the optimal lighting, heating and air-conditioning within leisure venues is fundamental to delivering the right experience. It can have a significant impact on average customer spend, length of stay and repeat visits.

Customers may not pay much attention when you get the physical environment right, but you'll soon know about it if you get it wrong.

Understanding environmental demands

Getting it right means creating the optimum conditions for each type of environment.

Museums and libraries, for example, have specific demands for maintaining the condition of books and exhibits, as well as the comfort of visitors. There's a narrow allowance for room temperature and relative humidity. Lighting has to provide excellent visibility while avoiding deterioration of exhibits.

Within leisure centres, there's a balancing act between the requirements of different environments in order to create comfortable atmospheres. You need warm changing rooms but cool sports areas, plus well-ventilated swimming pools with appropriate water temperatures.

Casinos need to create a comfortable, well-lit environment to encourage customers to stay and play.

Delivering uninterrupted experiences

Whether it's a day-trip to a museum or theme park, or a specific event such as a concert or football match, ensuring an uninterrupted leisure experience is critical. Customers expect their leisure experience to be seamless – unimpacted by energy issues or outages. The key is a flexible and consistent energy supply.

Efficient energy delivers significant savings

The good news is that new, more efficient approaches to managing energy enable you to invest in customer experiences while protecting margins.

Take aging infrastructure, for example. Old buildings often suffer from heat loss and inefficient energy management. In a recent survey by Centrica⁷, 28% of respondents in the leisure industry listed "upgrading aging buildings to bring them up to modern standards" as among their top challenges for the next 12 months. Such upgrades provide excellent opportunities for both improving customer experiences and achieving significant energy savings.

Better energy management positively impacts modern buildings too. We worked with a state-of-the-art UK Museum, installing a complex CHP system. Electricity is created and the majority of the heat generated is recovered to provide heat and hot water for the museum in winter, plus air-conditioning and chilled water in the summer. The system cuts energy costs by £500k per annum.

Smart energy strategies also help with seasonal fluctuations. Automated controls flex up and down depending on throughput, avoiding power and money wastage when a facility is not being used. While optimisation solutions allow excess energy generated on-site during non-busy times to be sold back to the grid, generating an additional revenue stream that can be re-invested in customer experiences.

Energy insights capability – the ability to understand usage and monitor equipment to prevent downtime – is invaluable in ensuring optimal energy use. In the Centrica survey⁸, 80% of leisure business respondents agreed that by 2025, widespread deployment of sensors and meters will dramatically reduce wasted energy.

Improving energy efficiency and avoiding waste positively impacts financial performance. The savings achieved can free up opex and capex for investment in differentiating your offering from the competition, enabling you to create unique and memorable customer experiences.

68%

The percentage of leisure businesses who agreed that their organisation's reputation depends on a consistent supply of energy⁹

10
MEGAWATTS

The amount of electricity an 80,000 NFL stadium may consume during peak demand on a game day¹⁰

30%

The percentage of total running costs accounted for by energy in a typical sports centre – second only to labour costs¹¹

UP TO
£70M

The annual savings that could be achieved by UK leisure facilities through only a 10% improvement in the management of energy use¹²

¹ Centrica Power of Power Research, Nov 2017

² www.statista.com, 2018

³ Newzoo Global Games, Market Report, 2017

⁴ Mazars, 2016

⁵ Centrica Power of Power Research, Nov 2017

⁶ UK Customer Satisfaction Index, 2017

⁷ Centrica Power of Power Research, Nov 2017

⁸ Centrica Power of Power Research, Nov 2017

⁹ Centrica Power of Power Research, Nov 2017

¹⁰ The Wall Street Journal, 2013

¹¹ Carbon Trust Sports & Leisure Sector Overview, 2018

¹² Carbon Trust Sports & Leisure Sector Overview, 2018



£250k

The savings made by Places Leisure after installing a CHP unit, which can now be used to enhance customer experience

Your priorities

Our experience across the leisure sector has highlighted the energy strategies that we believe you should prioritise in order to deliver competitive customer experiences:

- **Improve energy efficiency to reduce energy costs** and enable increased investment in enhancing customer experiences.
- **Ensure a flexible and reliable energy supply** to guarantee you can always create the optimal environment for customers.
- **Achieve the ability to cope with peaks in demand** without being committed to high fixed costs.
- **Take advantage of new energy management approaches** to overcome internal funding and resource constraints.

Our solutions

From fitness businesses and museums to theme parks and football clubs, we have extensive experience of working with leading leisure brands. We know how to enhance your customer experiences while protecting your margins through our:

- **Insight and analytics solutions** that identify opportunities to improve energy efficiency and enable early detection of equipment issues that could result in a degraded customer experience.
- **On-site energy generation and efficiency solutions** that cut consumption and cost.
- **Optimisation portfolio and storage technologies** that simplify peak demand management.
- **Flexible funding models** that remove barriers to deploying new technologies and free up capex.
- **End-to-end delivery capability** that enables you to focus on customer experiences while we take care of the technology.

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50%

The savings made by The Olde House at peak energy times, after installing new energy storage machines

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