

Select A Seat Study

The purpose of this study is to provide an overview of Select –A- Seat for the past 3 years and will include:

- History of Select A Seat
- Present Status of Select A Seat
- Comparison of Select A Seat to Competitors
- Provide a Breakdown of Revenues and Expenses by Venue and Event
- The Future of Select A Seat

History of Select A Seat

Select A Seat was established in 1985 to provide an affordable computerized ticket distribution network for events at the Winnipeg Arena and the Winnipeg Stadium with our tenants, the Winnipeg Jets, and the Winnipeg Blue Bombers being the main focus. Prior to Select A Seat being created, a hard ticket ticketing system was used by the main box office plus tickets were sold by an independent agency owned by Mr. Maury Frankel. (Attractions Ticket Office and the Bay Ticket Office). Shortly after Select A Seat started operations, this agency went into receivership, which resulted in some funds from event advance ticket sales being lost in the process. Initially Winnipeg Enterprises Corporation was blamed by the media for the demise of Attractions Ticket Office and the Bay Ticket Office and for trying to create a monopoly for ticketing services. The position of the Winnipeg Enterprises Board at the time was that Select A Seat would not actively solicit the business from outside venues but if the groups contacted Select A Seat, they would help to whatever extent possible. Now that Ticketmaster offers a competitive service, outside events are solicited.

Select A Seat started operations with 6 outlets throughout the city and 8 phone operators. In 1990 Select A Seat closed the 6 outlets and started to contract outlet ticket sales to independent retail operators such as grocery stores and pharmacies.

Events at the Convention Centre have been on the Select A Seat system since 1986, with the Imax Theatre joining in 1990 and Rainbow Stage in 1994.

Present Status of Select A Seat

Select A Seat processes an average of 1 million tickets yearly for events such as Manitoba Moose hockey games, Winnipeg Blue Bombers football games, Arena and Stadium concerts, family shows, skating events, Trade shows and other Convention Centre events, Imax Theatre, Rainbow Stage Theatre, and for World-class events such as the 1999 Pan Am Games, World Junior Hockey Tournament, Nokia Brier, Grey Cup games and World Skating Championships. Manitoba Moose season tickets and Winnipeg Blue Bomber season tickets are also processed on the Select A Seat system. Select A Seat currently employs 5 full time staff and 70-80 part time staff, plus shares some full-time staff with Winnipeg Enterprises Corporation.

Agency fees are charged for all events when tickets are purchased at the outlets or on the phone. An agency fee is charged at the box office on most single events such as concerts and wrestling but not on multiple events such as amateur events, family shows, Moose and Bomber games. If an agency fee is not charged a commission averaging 3% is charged on the net ticket price. The ticketing agreements for general ticket sales for the Manitoba Moose and Winnipeg Blue Bombers have been negotiated with their leases by Winnipeg Enterprises Corporation.

Samples of the average agency fee and outlet/promoter rebates for events during the last three years are as follows:

	Phones	Outlets	Box Office	Outlet Commission	Promoter Rebate
Concerts	\$ 5.01	\$4.52	\$4.52	\$ 1.50	\$1.08
Family	\$ 2.31	\$ 1.92	N/A	\$.79	N/A
Moose	\$ 2.62	\$2.29	N/A	\$.77	N/A
Bombers	\$ 2.96	\$2.80	N/A	\$.97	N/A
Rainbow	\$ 2.27	\$1.82	\$ 1.82	\$.64	N/A

Tickets are distributed through the following methods:

Phone Centre

The phone centre is open 7 days a week from 9:30 AM to 9:30 pm with 20 permanent stations, which can be expanded to 40 if required. Toll-free service is provided throughout North America. Our phone system currently processes 34 % of paid sales Arena and Stadium sales.

Outlet Ticket Sales Centres

Select A Seat currently has 17 independent outlets plus the Convention Centre throughout the city. (See attached map). The majority of these outlets pay a licensing fee between \$1,000.00 and \$1200.00 yearly. This licensing fee covers the cost of letters of credit, weekly courier service and data lines. The outlets receive an average of \$.80 - \$1.50 rebate for each ticket they sell, dependant on the price of the ticket. The outlet sales account for 17% of paid Arena and Stadium sales.

Box Office (Window) Sales

The main Box Office is located at the Arena and has 9 point of sale stations plus 6 stations for ticket reservation pickup. The box office is open 6 days a week for advance sales from 9:30 AM to 5:30 PM and for all event nights. Agency fee is charged for all single events such as concerts but not for multiple events such as Moose, Bombers, or family shows. Box Office sales account for 36 % of paid Arena and Stadium sales, of which approximately 6 % or 66,000 tickets are sold without agency fee on a yearly basis.

Season Ticket Processing

The Manitoba Moose and The Winnipeg Blue Bombers season tickets are processed on the Select A Seat System. The contracts differ as follows:

The Manitoba Moose pay a set amount per package. Season packages - \$3.50 and Mini Packs - \$1.10 per package, plus 3% commission on general ticket sales. The Moose supply the sales staff for season ticketing.

The Winnipeg Blue Bombers have in the past paid a 3% commission only on individual game ticket sales and processed their season tickets on both a separate system and more recently on the Select A Seat System without a charge. Currently the Winnipeg Blue Bombers pay a commission (3.25%) on all net ticket sales including season tickets. This commission plus the revenue from the phone and outlets agency fees are combined. Expenses for all staffing and some miscellaneous costs are deducted. Select A Seat receives operating costs of \$25,000.00 and any other revenue is split 50/50 with the Winnipeg Football Club. Season tickets sales account for approximately 13% of paid Arena and Stadium tickets.

Comparison of Select A Seat to Competitors

The main competitor to Select A Seat is Ticketmaster. After speaking to venues who use Ticketmaster and to customers who have used both systems, we have found that the Select A Seat and Ticketmaster systems are fairly comparable and have listed the advantages of each system below:

Select A Seat Advantages

Fees

Select A Seat provides ticketing services at typically less costs than Ticketmaster for family and amateur events, plus subsidized ticketing services for our main tenants, which includes staffing daily box offices plus staffing for events.

Ticketmaster does supply phone and outlet sales staff at no cost but staffing for the daily venue box office and for events is normally supplied by the venue or at the client's expense by Ticketmaster, when no agency fee is collected at the box office.

Flexibility

Our research indicates that Select A Seat can provide a more flexible season ticketing program for our tenants. An example of this is the ability to process season and single game tickets at the same time.

Reporting Capabilities

Select A Seat provides clients with marketing information pertaining to their client databases, quickly and free of charge.

Ticketmaster charges their customers for this information and it is reported to be not easily accessed by their clients.

Outlet Sales

In Winnipeg, Select A Seat has 18 outlets compared to Ticketmaster who has 9.

In - House Phone Centre

Having in-house phone staff who are very knowledgeable about the city and the venue helps reduce customer service issues.

In the US, Ticketmaster has begun consolidating phone rooms, and the general feeling is that this will progress to Canada. This means a phone in Florida may be taking the call to purchase tickets for an event in Atlanta. The disadvantage to this is staff may not have the same knowledge of a venue or an event if they are not in the same city as the event and have not been in the facility.

Control of Box office Receipts

Having the Box Office receipts held in house guarantees payment of in house expenses and provides additional revenue from interest.

Ticketmaster Advantages

International Presence

Ticketmaster is the leading ticket supplier in Canada and the US. This gives them a very strong advantage when negotiating contracts with acts for cross-country tours. Since promoters are more familiar with the Ticketmaster system, they have a greater understanding of how it works and what reports are available; therefore they feel very comfortable with it.

Internet Ticket Sales

Ticketmaster can process live Internet sales, which now average approximately 20% of sales for sporting events and up to 50 % for concerts in other markets. Of this amount approximately 10-12% are sales previously processed at phone centres.

Ability to Expand Phone System

Ticketmaster can expand their phone system to other cities to handle the overflow of concert on-sale days.

Conclusion

Though many venues use Ticketmaster for single ticket sales, most sports teams use other more flexible ticketing systems to process their season ticket packages. The teams also provide daily box office staffing plus event staffing at their cost.

Ticketmaster provides staffing for events free of charge, when an agency fee is charged but the venue or client must pay staffing costs for events without agency fees, plus provide daily full time box office staff. Ticketmaster does rebate some venues a portion of the agency fee on events such as concerts.

Though Select A Seat does not forward any rebates to our major tenants, its overall revenues are used to subsidize the Bomber and Moose ticketing services. The net result of this policy has allowed Select A Seat to meet the tenant's comfort level of service charges applied to their tickets.

The Future of Select A Seat

Select A Seat can remain a viable operation for the future

1. To make changes in order to keep pace with market demands.

Overall, Select A Seat can remain a viable operation for the future but we need to proceed with Internet ticketing in order to stay competitive. The trend in the ticketing industry is to promote Internet ticketing and bar-coding of tickets to track marketing information. Select A Seat has recently undergone a software upgrade in order to facilitate these procedures and now is capable of doing this with some minor upgrades.

2. Use changes as a rationale for adjusting fees for service (i.e. Increase service charges and add per order fees.)
3. Keep major tenants apprised of the plans and allow them to participate in the increased revenue.
4. Then value the company and long-term prospects.