A fair amount of airtime has been given to the aging population of the club membership base. A number of reasons have been assigned to this issue with varying numbers being published to demonstrate the mounting issue. As the Baby Boomers ease into retirement and Millennials are undecided if going to a club is their thing, Generation X is the group in the middle to hold it all together. Renowned journalist Bernard Salt recently wrote an article in 'The Australian' titled 'In praise of Generation X'. The main thrust of his article was that while Baby Boomer's were given a prime opportunity to prosper during Australia's growth period, the ensuing rise in house prices and oncoming issues like global warming, welfare and national debt (attributable to said Boomers) would be an issue left to the millennials, who are letting everyone know about it. In the middle was Gen X, quietly toiling amid all the cross generational sniping. The question is, what does this mean for clubs?

THE FACE YOU MAKE WHEN YOU'RE A GEN-X AND THERE'S A WAR RAGING BETWEEN MILLENNIALS AND BOOMERS OVER WHO ACTUALLY RUINED THE WORLD

Method: total market data measures included minutes played and net hold across four age groups. The percentage value representations the distribution of each age bracket and each variable (minutes, net) relative to that age group.

Q1'19		
Age range	Minutes	Net
Under 35	3.06%	4.36%
35 - 49	9.26%	15.31%
50 - 69	42.52%	49.20%
70 +	45.16%	31.12%

Q1'18		
Age range	Minutes	Net
Under 35	2.93%	4.25%
35 - 49	9.74%	15.85%
50 - 69	42.51%	48.91%
70 +	44.82%	30.99%

Q1'17		
Age range	Minutes	Net
Under 35	3.31%	4.77%
35 - 49	10.79%	17.51%
50 - 69	44.03%	48.93%
70 +	41.87%	28.79%

RCA Insight: The 50-69 age group is the bedrock for clubs (mix between X and Boomers). The age bracket is largely independent (while the kids may still be at home, they don't need supervision), are still earning at a solid level and therefore have a high discretionary income level to spend on broadly defined 'entertainment'. Lastly, this age group has traditionally been less likely to go to pubs than the age bracket below it – but we believe that is changing.
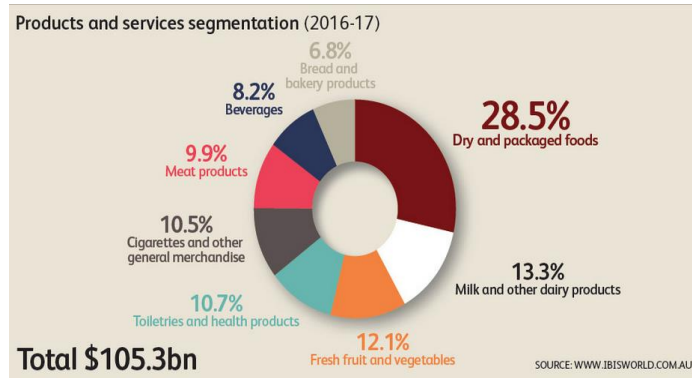
The table to the left demonstrates that as club's dependence on this group is growing disproportionate to their representation in minutes played. Dividing 'Net' by 'Minutes' provides a contribution share for each group. While the 35-49 age bracket makes the greatest contribution based on representation, the 50-69 age group's 'contribution value' has increased from 1.11 (2017) to 1.16 (2019). The 70+ age bracket, while growing in representation, has a stable 'contribution value' of 0.69 over the same period.

Conclusion: the demographic shift continues in the NSW clubs' market. Observations made in the AGE 2018 report ring the same as now – people are living longer, but low interest rates and stretched savings means the 70+ age group, while well represented in the venue, are spending less per visit but maintain their rate of visitation. The solution? Understanding that unless occupancy is 80% plus, gaming product must be selected on wider appeal rather than measured on the average daily metrics only. If analysis doesn't consider the 'total addressable market', then venues may be missing out on offering product to many players. The key metric here is the number of engaged players per month. If this is falling, then it is an indication the gaming business may be in trouble.

WHY WE CAN'T AFFORD TO CONTINUE TO IGNORE MARKET SEGMENTATION – *By Terry O'Halloran*

When looking at industries that align with Clubs, grocery stores are a good place to start. They are multi-faceted businesses with a range of products looking to appeal to the most people within prudent financial parameters. According the numbers from Ibis World, grocery stores will have 30,000 to 50,000 SKUs (stock keeping unit), while the local convenience store will have between 2,000 and 3,000 SKUs (think of them as the Pub market).

Products and services segmentation (2016-17)
- 6.8% Bread and bakery products
- 8.2% Beverages
- 9.9% Meat products
- 10.5% Cigarettes and other general merchandise
- 10.7% Toiletries and health products
- 12.1% Fresh fruit and vegetables
- 13.3% Milk and other dairy products
- 28.5% Dry and packaged foods

Total $105.3bn

SOURCE: WWW.IBISWORLD.COM.AU

Based on the graph to the left, the value of products sold in grocery stores breaks down across a range of categories. While there are products that carry the lion's share of sales, margin and contribution, there is a long tail of product lines that are kept in stock to ensure the widest possible market is addressed. Products like low fat goat cheese, mini staplers, artisan breads, dried pears and similar niche products are stocked to appeal to the widest market. Their sales aren't compared to 'Coke' or fresh produce sales because that doesn't represent the true value in stocking those products.

Global consultancy giant 'McKinsey and Company' detailed the pressures on the grocery market, they key ones also applying to the club industry namely; (1) changing consumer habits, (2) competition, and (3) new technologies. They go on to suggest initiatives for growth that are also relevant to clubs;

1. Define value proposition – as multi denominational, high SAP top jackpot games continue to dictate purchases and development schedules, the opportunity to retain the lower end customer becomes more pronounced.
2. Shape the ecosystem – market segmentation needs to be area based and will creates areas within the area.
3. Win back lunch and dinner – this was a reference to people eating out more and affecting grocery store performance. For clubs, great effort is going into establishing a food offering that creates foot traffic that helps gaming performance. This effort needs to be ongoing as it is important to the wider experience of clubs.
4. Rethink your real estate – challenge traditional layouts, product placement and formats.

Conclusion: one of the best competitive advantages' clubs have is size, which allows for an offering to be varied. Current analysis methods do little in the way of player segmentation beyond tier preference. As occupancy stagnates or declines, market segmentation will be next evolution of floor analysis and design. This may mean holding onto titles considered to be 'under performers' by the old metrics because of their appeal to a lower value audience. Player analysis is an imperfect science and will lead down many dead-end roads. The venues that develop player analysis methods beyond the traditional 'turnover/net win/occupancy/average bet' paradigm will get a jump on the wider market and develop their own intellectual property in that time.

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JUNE 2019 PRODUCT DATA OBSERVATIONS (Q1 2016 vs Q1 2019) – player habits have changed to reflect the new game landscape. The evolution of jackpots, incorporated with game features, has escalated volatility to levels not experienced before. The table below looks at total turnover in the NSW market relative to 'money movement'.

NSW	Turnover	Note In	Cashless In	Cashless Out	Cancelled Credits
Q1'19	1.00	0.11	0.13	0.20	0.32
Q1'17	1.00	0.17	0.15	0.24	0.32

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