

Today's Family Entertainment Center Market is Alive and Well

By Peter F. Olesen, P.E.

This statement is truer than ever, but by itself doesn't begin to express the magnitude of varied formats, sizes and composition that can be added to the industry and become very profitable.

Family entertainment centers (FECs) are here for the foreseeable future. The sky isn't falling and virtual reality (VR) won't take over the FEC industry in the near future (if ever). Not every market is ready for upscale dining and bowling boutiques or major VR. In larger markets the demand for adult entertainment makes consideration of these trends very viable, but not at the exclusion of the more traditional "family" oriented FEC. Many conventional FECs are experiencing record revenues, expanding attraction mixes, adding new attractions where appropriate, modernizing "tired" unappealing attractions and making their facilities more guest friendly. New potential markets are being defined and more will become so in the near future, as our country's economy redefines itself into the realities of our current administration.

Conventional Family Entertainment Centers:

Two types of entertainment centers are evolving in today's market place. The first type will serve that segment of the population seeking to enjoy active participatory type of attractions (where the individual is not compelled to be part of team sports or other organized and rule specific activities such as golf and tennis. It includes the 70-80 percent of the population in most communities that do not participate in Park District or municipal programs. This is the segment that is being and will continue to be served by the "conventional" FEC.

Adult Entertainment Centers:

The second segment is the adult market seeking to enjoy out of home socialization in a more relaxed entertainment environment. These are in effect a form of "Adult" Entertainment Center. Many facilities offer great socialization experiences and capitalize on food and beverage sales in boutique environments where the attraction becomes almost secondary. The attractions themselves are not the primary revenue generators but rather provide the environment for the socialization. Dave and Busters is an early player and very successful in this market. There are many variants of this concept, ranging from modern movie theaters with upscale seating and socialization friendly accommodations, in-place food and beverage service and game rooms; to bowling establishments renovating their facilities with added upscale seating and upgraded food and beverage services, changing to time oriented lane rental. Many also include FEC attractions and game rooms.

Current and Future Status of FEC's:

This article seeks to address the current and future status of traditional family entertainment centers. These provide varying approaches to the "family market." As the term "family" encompasses a wide age demographic, there are numerous variations. Some are very successful, others not. Success or failure in many cases depends on the realistic consideration of the individual market place in terms of demographics and competition. In other cases it depends upon the specific site, or building chosen. Still other factors impacting on success or failure are the proper mix of attractions and amenities, the selection and training of staff and the overall management performance.

The current FEC guest is more sophisticated and has greater expectations when making a decision to attend an FEC. As a result, today's FEC has to offer more entertainment value and excitement than in days gone by. This applies equally to new and existing facilities.

Many of the larger organizations are expanding their existing facilities and or building new ones based on improving existing attractions, introducing modern versions of their magnet attractions, recognizing the value of their existing “cash cows” (outstanding anchor attractions and proven revenue generators). Their formulas include retaining winners, replacing losers with new attractions after careful consideration of the new elements in terms of their potential appeal and staying power. For those with available space, the addition of new outdoor attractions has proven to be wise decisions. The same applies to indoor facilities that have available site space. In all cases keep in mind that expanding the facility may not be warranted if it is done by reducing parking capacity below what is needed to accommodate peak hour parking requirements.

Changing Appearance

The appearance and mix of individual FECs may change as new concepts are tried. Many of these new concepts will find their way into individual facilities and prove to have long term staying power, but not all, and conceivably not many will be around in five or ten years. Many may cool off within a year or two. This writer sees the overall industry changing incrementally and at a reasonably slow pace. This doesn't infer that the status quo is sufficient or that any single approach within the industry is destined for success in every situation. The existing market and the guests and potential guests therein are not abandoning existing FEC attractions that have managed to be entertaining and exciting, but they don't support old and boring facilities when there are other options. Operations that don't recognize the need to be relevant in the current market are the ones that will fall by the wayside.

Furthermore, for existing operations seeking to take the next step, changing to one of the currently new glamorous approaches to the marketplace may not prove to be wiser than stepping back and evaluating their current attraction mix, individual attractions, the attraction's ability to attract and maintain existing business as well as generating new business and the overall appeal of the complete facility. Often the wisest step both in terms of cost and increased revenues will be the result of upgrading existing elements.

Replacing tired, outdated attractions makes sense if they don't demonstrate a positive contribution to future revenues. Many attractions and amenities can be upgraded, redesigned or modified to bring them back to profitability at far lower costs than installing different new elements.

This article concentrates on the realities facing small to medium and possibly some larger ones as well. Certain attractions have proven to have great staying power because of the entertainment value they offer to broader guest markets. These include go-karts, miniature golf, bumper boat ponds and WaterWars among the outdoor attractions, with the indoor market consisting of mini-lane and full scale bowling, laser tag, laser mazes, bumper cars, soft play, game rooms, birthday party rooms and food service are the more prevalent attractions.

Each location comes with its individual set of conditions; both promising and challenging that should be given close attention before making plans to proceed. Possible expansion or upgrades will all be impacted by its target market, competition, available budget, site capacity and the condition of its existing attractions.

Reviving existing Go-Kart Tracks:

Many existing go-kart tracks that have boring long straight elements, big sweeping curves, low clearance bridges and other elements from the 90s and earlier, can be brought into the 21st century by careful evaluation and planning. For some facilities the rejuvenation or replacement of the existing pavement following modern construction methods may prove enough. For older tracks and even some newer ones, the best solution might be to remove the existing track and

start over. Each situation is unique and the proper decision is not something to undertake without consulting an experienced track designer with a proven record. The application of modern geometric and grading concepts can greatly increase the entertainment and excitement with resulting renewed attendance growth and resulting revenues.

Unless a facility is located in a heavy tourism area, survival, let alone profitability depends on ongoing repeat business. Facilities that fail to recognize the increased guest expectations face uncertain futures due to guest boredom, increased competition and lagging repeat visits.

Reviving Existing Miniature Golf Courses:

Almost every miniature golf course can benefit from some modernizing, renovation or modification of individual fairways, realistic landscaping and refurbishing of landmark features (if any). The first and most important consideration is the playability of individual fairways, balance of par values and reduction of roadblocks (fairways that take too long to play causing backups and reduced throughput). Secondly the existing features (carpeting, fairway edging, obstacles, etc.) should be reviewed as to condition and replaced if not in good condition. Poor Landscaping should be replaced.

For older facilities upgrading fairways from rectangular design, wood or stone edging and low par values can energize increased attendance. For many the upgrades can consist of fairly low budget improvements and modifications that could be made to modernize the appearance and playability. Reshaping of the fairways (removing square corners and adding some additional concrete base, more appealing edging and re-carpeting can often be accomplished on the existing course area.

Bumper Boat Ponds:

Older bumper boat ponds using gasoline powered bumper boats can greatly benefit from their replacing the existing boats with electric (battery powered)boats, completely cleaning all oil stained surfaces and replacing the existing filter system with a modern salt or chlorine based treatment system. For older bumper boat ponds their appeal can be greatly improved with a redesign using fiber glass walls, individual docking pockets and the addition of islands and chase channels. Where existing ponds continually have long back-ups, consider the feasibility of expanding the pond size and number of boat

Other Attractions:

Seriously evaluate each attraction in terms of its current revenues and its future potential. As almost every attraction other than go-karts and miniature golf is an impulse attraction, seriously consider each individual attraction in terms of its overall contribution in terms of guest throughput and return on investment; will it continue to grow in usage or should it be renovated or replaced.

Improving Indoor Attractions and amenities:

Take a close look not only at the attractions, their placement and performance. This includes the overall appearance (indoors and out), flooring, noise levels, lighting, condition of attractions and general appearance of the building façade, parking lot condition and lighting.

Remove and replace under-performing attractions, games and furniture. Carefully review current menu, remove poorly performing menu items and replace if necessary. Carefully consider

possible replacement or additional attractions in terms of their appeal, compatibility and profitability.

Should you determine that a new attraction could be beneficial to your operation and is compatible with your overall operation, compare it with other options before making a final decision. While there are a wide range of other potential attractions available, be certain the one you choose is compatible with your overall facility. Keep in mind what will be required to make the change, upgrade or expansion in terms of cost and benefit. Think long and hard on introducing a new concept into your facility. Should you misinterpret the long term success of a new attraction, what will the downside be? Do you really want to be the beta test for a new attraction or do you want to wait until it proves its staying power.

If you do decide to be ground breaker, it would be nice to have some arrangement with the vendor to assume some of the risk, in the event the attraction falls flat. The industry has had more than its share of great sounding ideas that failed in the actual marketplace.

Laser Tag:

Carefully review your current system in terms of the current arena configuration, existing equipment and programs. Are your arena and equipment current state of the art or already outdated? Are your revenues growing or slipping? Carefully check out your competition. Avoid complacency and always keep an eye on what is current.

Bumper Cars:

There are a number of different approaches to bumper cars, including those usually found in outdoor travelling shows. Consider the maintenance and operating costs, guest appeal, visibility and revenues. It may be time to upgrade, or replace.

Soft Play:

Review your existing attraction in terms of the space occupied, safety and condition of the equipment and the revenues generated. Many facilities can be upgraded with new equipment and a reduction in floor space.

Other attractions:

Every attraction should be evaluated on its contribution to the overall appearance, throughput and revenues generated. Make informed decisions as to the action you take. Removing poorly performing attractions is good business. Don't keep them for sentimental reasons. Remember, you are not your customer.

Improve or Lose:

The status quo is not the buzz word of choice for succeeding in the entertainment business. This doesn't mean jumping into the unknown. Almost every attraction can be updated in one way or another. Beware of the siren call of new technology. Let others be Beta testers. FEC budgets should have solid footings based on realistic revenue projections.

Zingers to Consider:

Keep in mind several catch phrases that sum up the direction you should take.

- Failing to plan is failing to plan!
- You never get a second chance to make a first impression!
- Do it right or do it over!
- Build it and they will come – Not going to happen!

Look beyond the marketing, smoke and mirrors whenever considering expanding or replacing attractions or their components. The results of any purchase may have different and lasting impacts. While the seller gets his money at the time of the transaction, you have to earn yours over time. Make certain you choose wisely and that you are committed to creating a positive result.

Overall Industry Outlook:

The economy is better than it has been for years, money is somewhat easier to find, and interest rates are still reasonable in most cases. Based on the continuing development of new facilities it appears that people are still seeking out participatory entertainment venues for both entertainment and socialization.

People who take the time to seriously consider their concepts, specific markets, existing competition, site locations, make proper use of industry experts, know their limitations and personal commitment should be able to be very successful in the industry.

May all your decisions be based on sound judgement

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*To date the firm has completed more than 700 projects spanning 46 states, Angola, Brunei, Canada (Alberta, British Columbia, Ontario, Quebec and Saskatchewan), Cuba (Guantanamo Bay), Kazakhstan, Mexico, Puerto Rico, Saudi Arabia and Vietnam. Since 1987 Mr. Olesen has exhibited at more than 100 industry trade shows. He participated as a member of the faculty of Foundations Entertainment University (49 seminar presentations over 17 years), presented more than 100 seminar presentations at the International Association of Amusement Parks and Attractions, FunExpo, Kart Expo and Leisure Expo, as well presenting go-kart safety seminars for the State of Ohio. He has, and continues to author articles for industry magazines and internet newsletters. For additional information on projects and services offered please refer to our web page www.fecdesigners.com or contact us at 847-561-7013 or www.peteolesen@yahoo.com.
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