

VENDING TIMES

CRANKIN' WITH FRANK

Bowling Alleys Become The Next Family

Entertainment Centers The Industry's Premier Entertainment Consultants



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By FRANK "THE CRANK" SENINSKY

Bowling centers have always had games, but not like this. In the past few years, cutting-edge bowling centers have increasingly undergone "Extreme Location Makeovers" (to paraphrase the title of ABC's hit TV show).

Today's bowling centers are installing coin-operated games (primarily redemption equipment) and traditional FEC attractions front and center because they have realized the earnings potential of this genre. In mixed-use bowling/FEC sites, amusement games alone can generate \$200,000 to \$750,000 gross incremental income annually. In larger facilities, game revenues can exceed \$1 million.

These figures have caught the bowling industry's attention, since league play has seen a steady decline in recent decades.

The industry's new catchphrase, "casual bowling," is replacing the dated "open play" title. Two years ago at the Bowl Expo, Joe Schumacker, president of the Bowling Proprietors Association of America, showed a revenue vs. time graph of league and open play revenue. He pointed out the month and year where the "open play uphill revenue curve" crossed the "league bowling downhill revenue curve," and predicted that the figures would continue moving away from each other over the next several years. Joe's graph and prediction, etched in my mind, has been right on target.

Aging 1960s-era bowling facilities are re-making themselves, and new facilities are being built at a rate of approximately 1,200 lane beds yearly – and both are focusing on amusement facilities as much as bowling lanes. Lanes still take up more square footage, but it's no longer a 90% to 10% square-footage ratio. Importantly, management knows that amusements contribute greatly to the bottom line – even though bowling remains the anchor attraction.

A related trend is that bowling itself is making a comeback. Statistics show that more than 70 million Americans bowl each year, statistics aren't available for how many

Americans visit an FEC each year. But in my mind, these figures indicate that the bowling-FEC transition will continue the foreseeable future.

Food and beverage sales increase substantially when you run a bowling center with an FEC. The combination also provides a great dynamic, because many bowling centers have liquor licenses. By adding the amusement component, you create the ultimate win-win situation: a bowling-anchored FEC wrapped around an adult entertainment center.

Today, new bowling centers typically have 24 to 36 new lanes (with four or more lanes separated and labeled as "VIP" lanes). At 1,200 lanes yearly, that means we're seeing up to 40 new centers arriving each year – one every nine days – at a cost of \$6 to \$12 million each.

The amusements industry can view these trends as a threat or an opportunity. This summer's vibrant Bowl Expo took place in June at Mandalay Bay Convention Center in Las Vegas. It drew more than 5,000 visitors and had the greatest participation by amusement manufacturers, distributors and operators I've seen yet – all viewing the industry's transformation as an opportunity. These industry pros market themselves as experts who can help drive those newly discovered amusement dollars.

My redemption seminar at Bowl Expo was a standing-room-only affair, with more than 100 participants. I walked away from the show with 79 new business prospects, all wanting help adding to or expanding FECs in their bowling centers.

Interestingly, the reverse of the "bowling-incorporates-FEC" trend is also taking place. A growing number of FECs are installing six to 10 regulation bowling lanes as amusement attractions, and adding mini-bowling lanes as coin-op attractions.

Many existing bowling centers see one problem with adding an FEC component: a lack of space to create a good-size fun center. Most older bowling centers have the same basic setup: a small gameroom with a

dozen games (mostly video and cranes), a snack bar, a pro shop, a manager's office and a billiards area. Until recently, they have avoided redemption, shrugging their shoulders while saying, "We don't have space."

Things are now different. My team finds bowling center executives receptive after explaining how we can create the space necessary. It can be done by moving the pro shop and the manager's office, which often hog the prime spots in the facility. We can find even more square footage by knocking down non-bearing and half walls. We can expand available room for family amusements by removing non-earning or low-earning pool tables (pool income has dropped 60% in some bowling centers because of smoking bans). We can open more footage by eliminating lockers, and by transforming the central desk, where people rent lanes, to double as a redemption prize counter. When we suggest these changes, the response is often: "Okay, let's all do that."

In some cases – actually, in many cases – we suggest an even more radical step. We recommend removing a few of the "sacred cows" – the bowling lanes. A few years ago, this would have been sacrilege. Today, progressive executives know that this remodeling can actually increase revenues from the remaining lanes. Why? Because a bowling-anchored FEC will attract a wider demographic than a traditional bowling center, and this wider demographic is willing to spend more money per visit than the traditional league bowler.

This seems obvious in retrospect, but to some bowling executives locked in the old mindset, it's a difficult concept to wrap the mind around. As Einstein once said, "Genius is the art of recognizing the obvious." Why does building up the FEC component result in a broader demographic and, thus, more earnings for a bowling center?

The answer is simple: Expanding to redemption games means that you are now in the birthday party business, the group sales business, the lock-in party business (think Prom Night) and the "fun business."

If redemption and family trade is the se-

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cret of the bowling center renaissance, the all-powerful American Mom – world's most influential consumer – is the secret behind the secret. Bowling center managers used to say, "I don't want little kids running around my facility. I don't want my center looking like a carnival. I don't want birthday parties because the noise would bother my league bowlers." Now, more successful bowling executives say, "I want all the family business we can get."

The number of bowling leagues and their volume of revenue have both been declining for many years. But it probably takes any industry 10 years before recognizing and admitting it has a problem – this holds true for the amusement industry, skating industry and other single-anchor leisure industries. It's now obvious to the "geniuses" of the leisure market that, while league play remains an important segment, it's no longer the main money generator.

Leagues used to control every bowling center in America. They demanded when they wanted to bowl, and management caved in because league captains said if they didn't get exclusive lane access on Friday nights and all weekend, they would take their patronage elsewhere. Bowling executives now can tell league captains, "If you want to go elsewhere, fine. But if you want to bowl here, you must run your leagues on my slow nights, because weekends are for open play – since that is where I make most of my money."

We have seen a drastic attitude shift from bowling center executives. Their new outlook is based on "catering to customers and giving them what they want," not "giving customers what the bowling center thinks they should have." They are not only installing FEC components, but also taking an aggressive stance toward marketing, online promotions and technology. Furthermore, they have made Cosmic Bowling (with blacklights and huge video monitors) a late-night staple for teens and 20-somethings. As a result, many bowling centers now stay open – and busy – until 2:00 AM.

The industry's leading executives also realize that a birthday party does not have to include two full games of bowling, which was a mandatory part of the package until a few years ago. This policy cost the centers a great deal of potential business. I have seen young children actually cry at birthday parties over this issue; the kids bowled three frames (all gutterballs) and then lost interest. But parents insisted (because they had paid for it) that the kids must continue to bowl "or else." Now, there is a much bigger buck to be made by putting the emphasis on games and FEC attractions, and letting the kids bowl as much (or as little) as they wish.

Once space for amusements opens up in a bowling center, what should be installed besides redemption games and a prize counter? Where feasible, it's a good idea to put in FEC attractions. Popular choices include soft modular play arenas like Ballocity, made by Prime Play (a division of Whitewater Industries), which is a "dry waterpark" version of the tipping bucket made of nerf-type balls. Other successful elements include laser tag, rock climbing walls, bumper cars and kiddie rides, among a host of other FEC components and attractions.

Growth and change in the bowling industry is taking place largely, although far from exclusively, in new standalone facilities and smaller local chains – and it is led by a new generation of owners and executives.

Larger chains are slowly catching up, but it's a challenge because the investment required to transform hundreds of centers can be staggering. But the Bowling Proprietors Association of America does have a Young Guns Committee of up-and-comers (the sons and daughters of the "old guard") who are leading the charge to revamp and upgrade the classic American bowling center.

This dramatic change that embraces FECs is occurring against a backdrop of a somewhat stagnating base of independent, mom-and-pop bowling center owners. They resemble many of today's amusement machine operators. They entered the business 30, 40 or 50 years ago. They are risk-averse and many are looking forward to retirement. (To a bowling proprietor or to an operator, "retirement" could mean only working 40 hours weekly.) They may not want to hear about new ideas, and may strongly resist changing how they do business.

Instead – again, like many older operators – their plan is to keep doing what they've always done on what they've got and sell the business a few years down the line. In many cases, the real estate they're sitting on is more valuable than the bowling business. Others are signatories to 30-year leases that are about to expire, and landlords have other plans for the property.

But these grizzled bowling executives also share one powerful strength with the established, older generation of successful amusement operators: their debt is low. They can get money for expansion easily, in the form of a line of credit for \$500,000 or \$1 million in 24 hours or less. Few entrepreneurs who seek to enter the bowling or FEC business for the first time can command that kind of capital.

In addition, they know how to read a P&L sheet, and know that when a new-generation bowling executive opens an FEC-style bowling center across town, the drop in revenues isn't a fluke. They know they can either upgrade and compete, or advance their retirement plans by a few years.

This understanding can often encourage older owners to draw upon and invest this readily available capital. When that happens, they make great partners for a consultant or a forward-thinking operator who knows how to add a profitable FEC component. Otherwise, the older generation can sell their facilities to the young guns, who will happily "green-light" an amusements-oriented makeover.

FEC specialists who market themselves to bowling centers should be prepared to overcome many preconceived notions. Among them:

- Bowling is the reason the center exists.
 - League bowlers control the house.
 - We have no space for games.
 - Games bring in the wrong element.
 - Videogames and traditional street operators are the only option for coin-op.
 - We serve alcohol and we don't want little kids around.
 - My videogames are bringing in \$300 to \$600 every two weeks, so amusement income is maximized; it's impossible for a single game to make \$200 a week.
 - We operate on quarters; what are tokens?
- Fortunately, there are answers to these objections. Most of them are spelled m-o-n-e-y, and there is plenty to go around for forward-thinking bowling executives and amusement professionals alike. It's time to strike out and look for that perfect game.



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