

The FEC Industry— Taking Child's Play to the Limit

Where will the changes in the children's segment of the market take the industry? And how can FEC operators keep up with the evolving industry.

by Randy White

In the beginning, miniature golf was the anchor for family entertainment centers (FECs). Families came, played, and pronounced it fun. Then the indoor folks got in on the action. More families came, and they, too, thought the FEC was a darned good idea.

Early FECs, indoor and outdoor, were built on the foundation of tried-and-true games that delighted baby boomers back when Howdy Doody was high-tech and Trigger had a heart instead of sawdust. These FECs assumed miniature golf courses or some amusement park attractions as their anchors and combined them with food and games. Their novelty was in the number and mix of attractions they

offered more than the games or rides themselves. These FECs appealed, and still appeal, to groups of adults or teens, or to adults with children or grandchildren.

Then one segment of the FEC industry exploded, and the result was not just in quantity, but in a very different quality. This was the introduction of soft modular play structures, which children play in rather than on and which are designed to engage children's muscles and imaginations without skinning their knees. While the "all-age" FECs expanded on the traditional amusement park or game center, children's soft play replaced outdoor playgrounds, which parents felt were too dangerous because of crime and injury potential.

As the industry evolves, how do we tell a real family entertainment center from a watered-down wannabe? Where will the changes in the children's segment of the market take the industry? And how can FEC owners keep up with all the changes?

CONFUSING THE ISSUE

Las Vegas, that night-crawling, lit-up den of gamblers, Elvis look-alikes, and quickie nuptials, now is calling itself a family destination. It's not just Vegas, either. The cruise indus-

try now markets family cruises like the Big Red, and publications like *Family Life* and *FamilyFun* are emerging. There are even "family" expos and fairs.

Restaurants have also become a fearsome new competitor, particularly when it comes to attracting children. They have added entertainment components like soft modular play to augment their food—and what's worse, they often offer the play for free.

In the hopes of cashing in on the family boom, a whole new group of facilities now claims the title of family entertainment center. In fact, "FEC" seems to be attached to practically every type of recreation and amusement facility these days: bowling alleys add a video game or two and magically rechristen themselves as FECs, arcades are trying to snag the label, and even some restaurants with video or redemption games claim to be FECs.

Why so many pretenders? The time is right for family-oriented products because of a rise in population, a drop in available free time, and the need for

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a comfortable, safe environment. After a decade-long decline in the birthrate, there are now more than 43 million children under the age of 18 in the United States, a number that will rise to more than 50 million by the year 2000.

Work takes time away from the family. Data shows that in 70 percent of two-parent families, both parents work outside the home. Safety is an increasing concern, both in terms of street crime and the equipment on playgrounds, where, in 1992, 17 children died and about 170,000 were injured in accidents.

DEFINING THE FEC

So what exactly is a family entertainment center? The term serves to designate the industry as a whole, as well as to define a specific segment of the same industry. The FEC industry ranges from 10,000-sq-ft indoor children's play parks to multi-acre outdoor mega-centers, and encompasses entertainment centers that target families, adults, and children.

The growth of the FEC industry is illustrated by the growth in industry trade shows, publications, and number of suppliers. The soft modular play business once was split between two suppliers; there are now more than a dozen.

The term "industry" didn't really apply to the FEC market before the last three or four years, when most FECs were mainly outdoor miniature golf-anchored facilities. Today's rapidly growing industry now encompasses several new and different categories in both outdoor and indoor configurations, including children's

entertainment centers (CECs), FECs, and adult entertainment centers (AECs).

Entertainment centers within the FEC industry generally share these characteristics:

- Unlike theme and amusement parks, the market is community-based. Guests rarely live farther away than a 15-minute drive.
- Success depends on repeat visits, usually in the range of six to ten times a year.
- Length of stay averages two hours.
- Per-cap expenditure per visit rarely exceeds \$10.
- A significant percentage of income comes from food and beverages, parties, and token-operated games.
- Locations are in or near residential areas rather than in downtown or tourist venues.

The biggest changes today are in the children's entertainment center segment. What began as some cool new play equipment for the munchkins touched off an explosion in CECs that is rapidly spinning off more and more new kinds of centers for kids. CECs continue to emerge, targeting different age groups from infants to age 11 or 12 and combining rides, games, soft modular play, interactive games, and animatronics.

In a CEC, every attraction is targeted to children. Parents may be encouraged to join the fun, but they are secondary. They are not, however, an afterthought, because if parents don't enjoy the experience, they will be unwilling to return with their children.

The expanding number of CEC variations tends to reflect different approaches to play—pure entertainment, children's

fitness, parent-child interaction, or education—and to target specific age groups.

THE ROOTS OF THE CEC

The roots of the pay-for-play CECs reach back to the seaside boardwalk amusement centers and indoor arcades that proliferated in the first half of this century. While not exactly designing with children in mind, a few entrepreneurs did add elements for kids in order to increase their market base by projecting a more wholesome atmosphere.

There things stayed, except for the introduction of video games, until the 1970s. At that time, businesses sprang up that focused on children's birthday parties and play. The two most successful ventures, Chuck E. Cheese and Show Biz Pizza (which later became one company), combined single-user, token-operated rides designed for small children, redemption games, animatronics, and that staple of every kid's diet—pizza—into one-stop centers.

In 1982, Chuck E. Cheese purchased ten small soft modular play (SMP) units and installed them in test sites around the United States. The results of soft modular play tests were spectacular. The units became standard at all Chuck E. Cheese and Show Biz Pizza locations. Others borrowed the concept and units began to show up at Burger King, Hardees, and McDonald's restaurants across the United States.

In 1988, Jungle Jim's started the children's indoor amusement parks. That same year, Ron Matsch of Kansas City, Mo., designed the first indoor enter-



tainment center that specifically featured soft modular play equipment, which gave Discovery Zone its start.

Discovery Zone caught the eye of McDonald's, which recognized an opportunity to diversify. The first McDonald's Leaps and Bounds facility opened in Illinois in 1991. McDonald's entry legitimized the industry and caught the attention of the media and independent operators. (Discovery Zone bought Leaps and Bounds this past fall.)

Soon, some smaller companies jumped on the bandwagon, and more than 100 privately operated soft modular play centers opened between 1991 and 1992. These units made their mark across the United States and attracted even more attention. Kidsports International, which specializes in family fitness, used the soft modular systems to expand its market base through its "Adventure Challenge" concept and have since franchised throughout the world.

TODAY'S CEC

The CEC segment can be further delineated by size, environment, type of play or age, and focus. Today, there are five basic types. New forms have expanded beyond soft modular play to include different mixes of attractions such as animatronics, rides, games, and discovery play. Prominent among the hybrid offspring from the original Chuck E. Cheese facilities and standard SMP centers are Brunswick's entry, CircusWorld Pizza, which offers a much larger soft modular play unit that is charged for separately.

CECs are becoming more

specialized and pursuing niches within the children's market. Playspace in New York City and Tot Stop in Salem, Mass., focus on pre-schoolers and toddlers. These facilities rely on rides, soft modular play, and games either far less or not at all. Instead, they offer hands-on play including dress-up, role playing, sand and water play, and art.

The following are the five basic types of children's entertainment centers:

Multiattraction Indoor CECs. Typically these combine redemption games, a small- to medium-size soft modular play unit, up to half a dozen children's rides, possibly an air bounce, birthday party areas, and a concession stand. An example of this type is Jungle Jim's Playland, a chain whose centers occupy 21,000 to 30,000 square feet.

Indoor-Outdoor Centers. These centers focus on both indoor facilities and outdoor attractions. There is usually some combination of miniature golf, go-karts, and children's rides, along with an indoor play area that includes redemption games, a concession stand, one or more anchor attractions, and a soft modular play unit. An example of this type is America Adventures in Atlanta, Ga., which combines three acres of outdoor attractions with a 30,000-sq-ft indoor facility.

Soft Modular Play Centers. The SMP center is fueling the boom in CECs. The basic center has 10,000 to 15,000 square feet of floor space, 2,500 to 5,000 square feet of multilevel SMP, four to six birthday party rooms, a small number of redemption

games, a concession stand featuring pizza, and a toddler area. The emphasis is on a combination of birthday parties and parent-child interaction. A few of these centers also offer drop-off daycare.

Restaurant and Entertainment. These facilities emphasize pizza and other food, along with animatronics, small soft modular play units, lots of redemption games and kiddie rides, birthday parties, and, possibly, beer for the grown-ups. Examples include chains like Chuck E. Cheese, Peter Piper Pizza, Party On Pizza, and Little Caesars Family Fun centers.

Educational Focus. While children's museums and science museums are not strictly a part of the FEC industry, they do compete for the CEC dollar. With a focus on science and discovery, they are havens for families that like a healthy serving of intellect with their play. Also included in this niche are the small for-profit children's museums owned by individual entrepreneurs. There also are CECs that feature hands-on discovery for preschoolers and toddlers, like Play-a-tarium in Syosset, N.Y., and Quality Time Playhouse in East Brunswick, N.J.

INDEPENDENT OPPORTUNITIES

The boom in children's play is nowhere near over. The growth in CECs has dominated in major metro areas, leaving second- and third-tier cities an open market. Even big cities can handle more centers. For example, the Chicago metropolitan market now has 22 centers in place, with more scheduled to open. One of the major competitors in



the CEC industry calculates that the U.S. market can support more than 4,000 CECs.

Although corporate money funds the children's play market, the doors are also wide open for the independent operator. In particular, soft modular play centers are attractive to entrepreneurs because the capital requirements are typically less than \$1 million for a facility in a leased building.

ADULT CENTERS GROW UP

When grown-ups manage to find a sitter or want to hang out without the patter of little feet, they can head for an adult entertainment center. AECs don't include children's elements like birthday party rooms and soft modular play (although any adult who's watched kids cavorting in SMP might feel deprived, nobody has produced a grown-up version yet). They offer elements like *Pop-a-Shot*, virtual reality, billiards, bowling, golf simulators, a restaurant, and bar.

Examples of AECs include the Dave & Buster's chain and the independently owned Hackers, Hitters & Hoops in New York City.

THE TRUE FEC

Take some of the CEC elements and mix them up with attractions that appeal to grown-ups (and even those difficult-to-please adolescents) and you have a true family entertainment center. A true FEC has two

characteristics that set it apart from AECs or CECs: more than one anchor attraction and impulse attractions that appeal to all family members.

Based on those criteria, these stand-alone attractions do not qualify as family entertainment centers:

- bowling alleys
- skating centers
- driving ranges
- arcades
- pizza restaurants
- laser tag centers
- sports facilities

However, when combined with other attractions and elements, they can become the foundation for a true FEC. True FECs come in two basic types: multiattraction indoor facilities and indoor-outdoor fun centers.

Multiattraction Indoor Centers. With a few earlier exceptions, such as Enchanted Castle in Chicago, Ill., indoor FECs began to blossom in the New York–New Jersey region about three years ago, and now are starting to appear in most regions of the United States.

The indoor FEC blends the traditional arcade with newer developments. This type of center typically contains a SMP unit, redemption games, a few small rides and birthday party facilities for youngsters, and activities such as simulator rides, indoor batting cages, token-operated sports games, and laser tag for older kids and adults.

Examples include the Exhilarama chain, the Enchanted Castle, and Sports and Games in East Hanover, N.J. These FECs usually occupy between 25,000 and 50,000 square feet, although at least one successful operation, in the

River Falls Mall in Clarksville, Ind., is a 100,000-sq-ft FEC that serves as an anchor for the mall.

Indoor-Outdoor Fun Centers. These centers represent the earliest form of FECs. They focus on both indoor party facilities and coin-operated games and outdoor attractions for children and adults. Typically they offer outdoor batting cages, miniature golf, go-karts, bumper boats and children's rides, and an indoor play area that includes redemption games, concession stand, and often a small SMP unit or animatronics show. Adult-oriented attractions are there, too, including simulators and virtual reality, and sometimes even driving ranges. Examples include the Putt Putt Family Fun Centers, the Huish Fun Centers in California, and the Celebration Station chain.

THE SUCCESSFUL ENTERTAINMENT CENTER

What an entertainment center offers to guests depends on whether it was built around an existing anchor (like a bowling or skating center), the size of the facility, its target market, competition, and other market-driven factors. Each FEC owner, however, chooses from the same broad pool of possible attractions.

The pool includes rides (carousels, miniature trains, bumper cars, and children's rides); attractions (bumper boats, miniature golf, and go-karts); redemption and video games; soft modular play equipment; animatronics (the talking and singing figures that are so popular with small children); food and beverage staples such as pizza, hot dogs, and nachos;

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birthday party facilities; discovery areas (with crafts, face painting, dress-up, and other elements); bowling and roller skating; billiards (which works well in adult entertainment centers); and new games like laser tag.

THE EVOLUTION CONTINUES . . .

Several years from now, the article you read about current trends in the FEC industry will be very different from this one. The changes in the FEC industry—with CECs in particular—have occurred quickly and signs indicate we can expect the evolution to continue. Many early concepts have already become obsolete as newer designs hit the market. Even the niches in which we function are multiplying as entrepreneurs target new subsections of the market. What this heralds is interesting times ahead for an industry that began not all that long ago. ●

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