

A GOOD FEEL FOR WHAT MAKES A SUCCESSFUL FEC



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As a coin-operated game supplier and consultant to over 75 family entertainment centers, I have developed a very good feel for what makes an FEC successful. There are several factors, three main ones, why the growth of FECs in the last four years has been so dramatic.

Let's not forget that even 15 years ago there were several very successful FECs in operation. The concept was good then but the economic and social conditions were not conducive to rapid growth.

First there was a large decline in the commercial real estate market that took place during a period when overbuilding was the order of the day. This had not happened before, and it was a key factor in making good indoor locations available to our industry at long-term reasonable rates.

The second major reason is the increase in crime across our country. Parents now desire safe indoor recreation places where they feel comfortable taking their children. It's sad to admit but our children are being deprived of being able to play outdoors unsupervised like we did a generation ago.

The third major factor was the development of soft play units that captured the fantasy of adults. Yes, I said adults! I can remember as a child dreaming about jumping into a sea of balls, swinging on ropes and pulleys like Huck Finn, Tarzan, and the Swiss Family Robinson. Or sliding down giant slides that curve in all directions, climbing up and down huge nets, and sliding down firehouse poles, as I played in a playground or swung off a cliff from a rope into the swimming hole.

Most of us have fantasized about doing these things. The concept of an indoor playground is now a reality and sometimes I think that it's actually the parents that can't believe their eyes. Sure the kids love these play units too, but they aren't realizing their own fantasies. They actually have these things available to them!

Where is the FEC market today?

FECs have been growing in the United States at the rate of 200+ per year for the past few years. This growth has slowed a bit since we no longer have the tremendous store openings of chains such as Discovery Zone. Today there is still a great need for well-built and well-operated FECs.

Many of the earlier FECs are seeing declining revenues since they no longer have their original appeal and they have gone through that first year birthday party cycle. They have gotten stale for their repeat customers and don't have the capital to make the necessary improvements. FECs require new attractions and new games constantly. Many will close or change hands. There are many opportunities for investors to purchase existing FECs, infuse them with capital, and redesign for excellence.

Still room for growth

There are still many smaller markets throughout the country that do not have an FEC. We will see FECs open in these markets that are very similar to the earlier FECs in the larger markets. This is a mistake but it will happen because of the myth that if you put soft play, rides, and games under a roof, customers will come once. The new FEC owners will probably not have enough capital to fend off competitors. They will do well until competition sets upon them and/or their customers grow tired of that same old place.

During the next few years the FECs in the larger markets will face stiff competition from the mega center. These multimillion dollar high-tech centers will be regional draws unlike today's FECs. They will also need to constantly upgrade to stay on the cutting edge of technology. Each region will also be able to support several FECs that are smaller but excellent in every aspect. They will have the latest rides, games, and attractions.

There is room for both types to prosper. The smaller markets are also installing outdoor attractions such as go-karts, batting cages, mini golf, iron rides, etc., to draw from further distances. It is difficult for FECs in the larger markets to obtain enough land for the outdoor attractions and to get variances for attractions like go-karts. This will help FECs in both markets to better compete with each other.

Advice for the novice

My best advice for those who run an FEC or want to get into the FEC industry, and for those operators who are considering getting into redemption, is: redemption has been going strong for 60 years and it will continue to be a large part of our industry. If you are willing to invest the time, capital, and effort into keeping your games in top performing condition, then you can succeed in the long run.

There is much to master, but there is also great information on redemption available from the trade magazines and past redemption seminars (tapes and handouts). Redemption is certainly an area where good operators are in high demand.