

Creating More Value (And Profit) In Your Entertainment Facility

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Admittedly, it's quite difficult to continue to produce an exciting entertainment experience day-in and day-out, as the public always looks to us to exceed their expectations.. Those of you that own or operate within traditional family entertainment centers often see the same faces walking through the door, many of whom might be asking, "what new attractions are coming?" or "when are you going to get a triple-loop negative gravity suspended roller coaster?" As we all know, new attractions are the fuel for increased revenues, but attractions alone are not the solution to strong profitability. Controlling spending, particularly when using borrowed funds, is somewhat of an art, as the savvy operator must balance entertainment quality with projected returns. With budgets remaining continuously tight, here are some tips to consider when searching for that fine balance:

- Perform an assessment of entertainment options currently in place at your facility. What is the average length of time necessary for a guest to experience all attractions styles? How much money will be spent to experience all events?
- Examine the capacity of each attraction and the hourly throughput. On a busy Saturday, how many individuals can be entertained within the facility at one time?
- Revisit promotional and party package offerings. Are you offering enticing enough packages to encourage guests to spend more?
- Ask for input from your guests regarding new attractions, games, and events they'd like to see in the facility. After all, it's these same guests that we're relying on to spend money within the facility.

Performing The Entertainment Assessment

This is by far the most difficult examination for location management to perform. It might be best done by a third-party or even another facility owner (not direct competitor) so as to preserve the integrity of the exercise. The basic process involves examining and recording every detail of the experience, from exiting the automobile in the parking lot to claiming a prize at the redemption counter. You might be amazed how different the facility looks and feels when seen through a independent set of eyes. Important issues will include the amount of time spent waiting for an attraction to become available, the demeanor and appearance of the staff, the variety and quality of the food service, and the cost to experience each offering. Taken as a whole, these elements form a large part of a patron's experience and can make a real difference in spending levels. Some of the observations I've noted when performing assessments in entertainment facilities include:

- unmotivated staff, often sitting or leaning against counters
- buildup of unusually long cue lines at rides, without management guidance
- individual attraction experiences that appear to be timed too short
- inequities in attraction pricing, with no differentiation between attractions of different time lengths or excitement levels
- inability to receive 2 hours of entertainment for \$20 or less per person

The results of an assessment can help location managers to identify weak spots, improve guest satisfaction levels, and ultimately increase the frequency that guests will visit. Criticism of your operation is good - particularly when your focus is one of continuous improvement.

Understanding Capacity and Throughput

A bustling facility might be good for photos, but it can be a real challenge in how guests are accommodated. It's important that roughly 75% of on-site attendees be capable of partaking in the entertainment offerings. In essence, sufficient entertainment "slots" must exist, which include seats on rides, player stations on games, or spaces within group experiences. If an insufficient volume of slots exist, guests will spend more time waiting and less time spending, which can negatively impact revenues on the days we count on the most. Years ago, the philosophy was to design a facility for a midpoint between peak periods and off-peak periods. That philosophy has shifted over the past 5 years to focus more on meeting peak period demands in an effort to capture the consumer dollars during the periods when the consumer prefers to be on the site. If Saturday's the day when 30% of your revenues are generated, let's be sure that we can meet the demand and maintain a high quality guest experience at the same time.

Often, Throughput and Capacity are easily confused. Capacity refers to the quantity of entertainment slots that an attraction or group of attractions provide. A ride with 16 double seats would have a capacity of 32 patrons. Throughput on the other hand, relates to the number of patrons that can be "processed" on a given attraction during a defined period of time. Throughput is often measured on an hourly basis with allowances for transition times between users. So, our ride might hold 32 patrons and be capable of completing four ride segments during the course of an hour. That's a 128 person throughput. Conversely, a four-position rock climbing wall might only be able to process one individual every ten minutes on each of the four climbing sections. That's 24 users within one hour. Overall, our ride has a throughput that is 5 times greater than the rock climbing wall. By carefully sizing the attractions, we can offer each patron a memorable and complete experience within a defined two hour visitation window without long lines-or worse - lost sales from lack of capacity.

Bolstering The Promotional Packages

Promotional packaging of entertainment experiences is one of the simplest ways to boost revenues in today's entertainment facilities. By combining games tokens (or electronic credits), ride tickets, group-play offerings, and food programs together, we can offer patrons a better way to enjoy the facility. But are we really using these packages wisely? In my opinion, the consumer needs to easily see the value of purchasing entertainment in package form. This means that the level of savings should be extremely clear. The more one buys in package form, the greater the incentive should be, sometimes 40% greater. If your facility can push the per capita spending level from \$13 to \$16 and there are 50,000 visitors coming through the door each year, that's \$150,000 in clear revenue. In general, patrons will not typically seek out incentives, instead they'll need you to provide them. The indirect result to upselling the guest is the enhanced entertainment experience, as the consumer has now experienced more of the facility during the visit than they may have originally intended. This alone can create a very positive reason to return.

Whatever method of entertainment enhancement is utilized, please be consistent. Nothing's more baffling to the consumer than trying to figure out which of the four options is actually a better value. Spell it out and don't be afraid to identify just how much money can be saved. After all, a consumer that believes they have identified an above-average value is likely to spend 33% more during the same visit.

Adding The Guest To Your Board Of Directors

Nothing's better than really understanding the desires of your patrons, particularly those that are your most frequent visitors. While it's not easy to appeal to everyones desires, there is often some blending of desires that can meet the expectations of most consumers. When speaking with guests, it's helpful to determine three or more games, attractions, and activities that they would like to see added to the facility. This provides the greatest chance of cross-matching desires between guests, thereby allowing attraction dollars to be placed in the areas with the greatest potential impact. Be sure to do a reality check of these focus group results, as the most popular choice may not prove to be the most profitable one. That, of course, will get analyzed in round two.

Creating A Value Standard

Once you've found your "value niche", make a point to revisit the model each calendar quarter. It may also pay to re-examine your target market to see what's changing among the region's demographics. What was once a nice middle-class community may have moved upscale in the past few years to what is now a middle-upper family mix, complete with family incomes and desires well above your original targeted consumer. These changes are occurring throughout the United States, particularly as real estate values continue to escalate. One thing's for sure - operating a facility that offers quality entertainment at a fair price is a hard model to debate. After all, once the value question is out of the way, all your patrons can do is have fun!

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