

Emerging Technology: It's Time To Embrace It

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Having recently spent three full days on the IAAPA show floor in Atlanta, I find myself bubbling with a host of impressions and feedback generated from both attendees and exhibitors alike. One of the most common comments I've heard at the last few shows has been a general perception regarding the lack of newly introduced products. This may be true, but from my vantage point, there's a tremendous amount of new technology entering our industry, some seen and some unseen. Years ago, it was not uncommon to observe a manufacturer's "work in progress" at an industry trade show. It was usually a giant hulk of a contraption that provided some new twist on entertainment, and ended up getting the creative juices running in all of us. How could we improve on the design? Where could it best be used? Was there a way to produce it at a lower price point? The feeling back then was to provide the buying contingent with a glimpse of what's coming and, if possible, generate feedback that would help to enhance the design of the final product. Today, however, there are concerns about showing a product too early in its development for fear of eliciting comments ranging from "half baked" to "not ready for prime time". During this time when the industry's growth curve is looking a bit flat, we genuinely need the creative talents of these manufacturers to bring us new concepts and ideas so that, as an industry, we can compete with the wealth of technology that has infiltrated the consumer markets. Supporting the "up-and-comers" as I call them.

Determining "What's Next"

At present, my firm is working with no fewer than eleven new manufacturers that have developed technologies for use within the amusement marketplace. Some don't actually have a product application yet, but instead have created new technology that can be applied to a series of different potential offerings. A few are so vastly superior to the current market offerings that I would classify them as entirely new entertainment styles. But new technology takes time, and yes, it is expensive. Some of these products may not debut for two or more years, yet we know about them today. Is this a reason to defer current purchases? In my opinion, absolutely not. The reality is that, today, we must provide as high a level of entertainment for our patrons as possible with the current products most capable of getting us there. The evolutionary process tells us that new products will probably always exist, improving upon the foundations of their predecessors. Our entertainment patrons expect this, and in many ways, understand it. If we keep waiting for the "final product" by deferring our purchase decisions, we may find ourselves without a manufacturing base to rely upon in future years.

Part of the problem results from our exposure to high-end custom attractions found at many of the upscale venues and theme parks. After experiencing a \$10 million virtual reality attraction, it's hard to get excited about the content contained in a \$25,000 off-the-shelf unit. All of this is about to change, however. Much of the new technology entering our industry has been spun off from non-entertainment based manufacturers, such as government-backed defense contractors and medical and laboratory testing equipment manufacturers, each of whom have been using such componentry for very specific applications. The good news is that their product R & D has long since been paid for, leaving just the hard costs and marketing costs as the variables in determining retail pricing. In fact, many of these non-entertainment based manufacturers are "chomping at the bit" to explore new markets for their once design-specific products.

Price Has Become A Determining Factor

Few members of our industry will acknowledge purchasing games or attractions without first examining the cost vs. return ratio, and rightfully so. After all, games and attractions are investments; your portfolio should include those selections that are most likely to offer you the greatest returns while at the same time protecting as much of the core capital as possible. For many industry participants, it has been difficult to commit to the purchase of a new \$150,000, \$50,000, or even \$25,000 attraction for fear of achieving less than stellar earnings results necessary to substantiate the purchase. Some will blame poor results on the attraction not being "good enough" to sustain interest, but most of the time our firm finds that a facility has not adequately introduced and marketed the unit to its patrons. How many of the facility's patrons actually have tried it? What incentive was provided to them to gain their interest? Often, attractions will not sell themselves. Sometimes it takes a little more effort to get the ball rolling, such as a "2-fer" for a capsule simulator or a coupon good for a free seat in a motion theater. We're not giving away the entertainment, just expanding our potential user base.

Smarter Purchasing Through Independent Testing

In both 1999 and 2000, Amusement Entertainment Management has done more product testing for manufacturers than I can recall in the prior three years combined. One of the reasons I believe, stems from the existence of a much more informed buying contingent within our industry. Gone are the days of "going on a hunch" in selecting attractions; this has been replaced by hard data and up front investigation of attraction performance under varying conditions and within multiple venues. During our independent testing of products, many of our manufacturing clients have learned a great deal about their products that their own testing had not uncovered. These issues ranged from reliability to entertainment value to operator skill requirements. In turn, these same manufacturers have been able to understand where their true market niches are, the types of facilities that can best support the product, the quality of parts and componentry necessary to sustain continued operation, and the price point target necessary to substantiate end-user purchases.

Facility owners and operators also benefit from this process, as they can now more accurately evaluate the potential performance of these new attractions against their existing attractions. In a controlled environment, an attraction's performance can be manipulated to achieve record results, but when placed in an unbiased environment (the real world), can fail miserably. By performing independent testing, manufacturers are building more effective products and purchasers are making more informed and predictable decisions. All in all, industry participants benefit by getting the most out of every purchase, having received products that are more accurately matched to their market, and therefore capable of achieving the revenue levels necessary to sustain their existence. Manufacturers too, succeed, as their R & D investments are more finely tuned and ultimately convert to stronger unit sales, as now the manufacturer and purchaser have eliminated much of the risk in their decision processes. Wouldn't it be great if every purchase came with a money back guarantee? Well, we're not there yet, but I believe we've doing the next best thing.