

# RePlay magazine



## frank talk

### Family Entertainment is Evolving

[Editor's Note: As we have done over the past several years in our annual FEC issue, RePlay catches up with longtime FEC expert Frank "The Crank" Seninsky about the latest and greatest in the world of serving up fun for families.]

**RePlay:** *What is the fastest growing segment of the family entertainment industry? What does that say about the culture of families today?*

**Frank:** The out-of-home family entertainment industry is not growing, but it is evolving. The restaurant industry is growing as families have even less time to be home together due to fast-paced and disjointed schedules. What people want is a place to eat that also has an entertainment experience included. Families — defined as parents with young children — still need out of home entertainment. That is where the FEC industry is moving towards: FECs are seriously getting into the food business, and restaurants are looking for profitable ways to get into the FEC business. And they all want a piece of the birthday party market.

*Do you think the current economic downturn will slow investment or growth in family entertainment? If so, is this a long-term or short-term problem?*

The economic downturn has certainly caused the bank-

#### By FRANK SENINSKY

Frank is president of the Alpha-Omega group of companies (Amusement Entertainment Management, Alpha-Omega Amusements, Alpha-BET Entertainment and Alpha-Omega Sales).

ing industry to enter a credit crunch. It is very difficult for a start-up entertainment venture to get funded. A deep pocket or angel investor is what funding institutions are looking for. This can also be a blessing as there are many people who do not want to be in the stock market right now, and interest rates are so low that they are actually looking for high returns. The FEC industry is one of those opportunities. On the other hand, I am seeing the bowling industry looking to modernize and expand their facilities to include FEC attractions, and it is easier for established businesses to get credit, especially if they have equity in their long-term businesses.

*Of the students you have worked with at Foundations Entertainment University, what percentage has gone on to open and operate a successful facility? Is there any one thing all those success stories have in common?*

Foundations follows the 80/20 rule so about 20% have opened facilities, and the rest are in the funding process and

looking to purchase the right property or find a great rental space. Each of the graduates has stated that Foundations helped them greatly and taught them how the FEC industry works so that they can see the red flags and not make big mistakes. The attendees of each Foundations class (so far there has been 15) have bonded and kept in touch. I get emails from more than 100 attendees and answer questions to help them make decisions. I know that the other speakers and Elite Sponsors do also. I would estimate that 20% have decided that the FEC industry is not for them, or they have moved on to other opportunities.

*How about failures in the FEC business? In the past, factors included under capitalization and lack of reinvestment. Are these still the main culprits?*

The Foundations axiom, "Businesses Don't Plan to Fail, They Fail to Plan," still rings true. Most FEC failures can be predicted right from the start as they fail to right-size for their target market and fail to choose the right mix of attractions and games and, of course, don't understand how to properly layout their facility efficiently. With these mistakes in place, these FECs are easy pickings for educated competitors who only enter the market because they see the weakness of the competi-

tion. Proper capitalization and a sound reinvestment strategy are both a part of the initial planning process, which should include a feasibility study and business plan.

*Do you remain bullish on family entertainment centers as they exist today?*

Yes, I remain bullish on the FEC industry. I spend most of my life assisting new FECs in getting funded and open, as well as existing FECs and single-attraction businesses improve their operations and expand their markets by adding FEC redemption games and attractions.

*We recently spoke to a big Midwestern street route that has branched out to handle games and redemption at a large water park. Is there still opportunity for route operators in FECs?*

A majority of FECs own their games only because they were unable to find a game vendor who was qualified or even wanted to supply their redemption games. It seems that I am constantly giving out the phone numbers of game operators in a region to FECs looking to revenue share, and most call me back to say they have completely struck out. One woman I spoke to just yesterday, who lives in a rural area, said she has called 40 game vendors looking to revenue-share redemption games; they told her that it costs too



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much in gas to handle multiple weekly service calls to her facility and I think that some of those game operators are located just 15 minutes away.

I can say that about 5% of game operators are seriously into operating redemption games, and they are doing very well, thank you. The other 95% feel it is too much work and doesn't fit into their daily work schedule since a technician has to be onsite during all of the busy times (Friday evening, Saturday, Sunday and all holidays) in a large redemption game operation.

**Consumers expect more than ever today. Does that make redemption easier or more difficult, both from price and quality standpoints?**

It makes everything more difficult, but if you are geared to deliver a quality product and service, it just becomes a normal way to run your business. Yes, customers expect games to work properly, be clean and have prizes that they want. Money is tight, and everyone wants to spend it wisely and receive value. In the FEC industry, we are very fortunate because perceived value is generally higher than our actual cost (we get to buy redemption merchandise at a wholesale cost). I might also add that for a customer to have a quality experience playing redemption games, the games need to be laid out and properly programmed so players feel comfortable playing each game. Less games will make more money than too many games jammed into a space.

**What's the hottest thing going today in redemption both from a game and prize standpoint?**

Our top earning redemption games (not counting the large pushers) are *Pharaoh's Treasure*, *Roll 2 Win 2*, *Deal or No Deal* and *Red Hot* (new updated version). And don't forget the workhorse games, the 20% that still make up 80% of the total revenue. As far as prizes go, licensed items are very hot and high-end electronic prizes like iPods, cell phones and digital cameras are in demand.

**You give a lot of seminars each year. What's the most often asked question? What's the answer?**

I can tell you what is the most often thought of question although one that no one usually asks out loud: "How can I make more money without spending any more money?" The answer is you can't, but you can invest in your future through

educational programs like Foundations and learn how to invest smartly and grow your business while limiting expenses.

**Look into your crystal ball and tell us, what FECs will look like in five years? What about 10 years from now?**

Currently, bowling-anchored FECs are big draws and usually include decent food and a liquor license. Bowling is still one of the best anchor attractions even if there are only 10 or 12 lanes. Restaurant or food-anchored FECs are also well received, especially in the pizza buffet/FEC-style such as America's Incredible Pizza, StoneFire Pizza and John's Incredible Pizza, where the entry cost is low as compared to a regular sit-down restaurant. This works because there is at least \$6 remaining to be spent on the FEC per customer.

Over the next five years we will see more stand-alone, upscale, food-FEC models, but in the long run I see the FEC industry as being integrated more with large-scale destination complexes that offer retail, restaurants, movies, entertainment, nightclubs, perhaps casinos and more. What I am seeing here is similar to what we have been through in the game industry. We put the games where the people go.

In the future, I think we will put the FECs where the people go, and we won't see as many stand-alone FECs as we do today. But be assured that the people will go somewhere; they can't stay cooped up in their homes. ♦

*Frank Seninsky is president of Alpha-Omega Group of companies, which includes a consulting agency, Amusement Entertainment Management (AEM), and a nationwide revenue sharing equipment provider, Alpha-BET Entertainment; all are headquartered in East Brunswick, New Jersey. During his 37 years in coin-op, Seninsky has presented nearly 250 seminars and penned more than 1,000 articles. He has served as president of the Amusement and Music Operators Association from 1999-2000, is a past chairman of the International Association for the Leisure & Entertainment Industry and sits on the AMOA and IALEI board of directors. Seninsky can be reached at 732/254-3773 or by email at fseninsky@aol.com and www.AEMLLC.com.*

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