

Go Ahead...Pick Your Niche

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There was a time, I believe, when developing a successful entertainment facility was far easier than it is today. Buildings were built, patrons flocked in, and the biggest dilemma to hit the table related to how many more copies could be developed in other markets. Today, however, the picture is painted a bit differently. Competition is present within almost every market, patrons have become quite selective in how they spend their money, and so many new products and technologies have entered the home market that consumers have easier access than ever before to some pretty exciting componentry. Does this mean that the amusement industry as we know it is dead? Absolutely not! What it means is that we all must work harder to define and cultivate our businesses and relationships in very much the same way as retailers and brand managers cultivate theirs. Essentially, one size does not fit all...anymore.

Competition - A Fact Of Life

Invariably, the day eventually comes when a client telephones to reveal the startling news - someone else is building an entertainment center down the road. Immediate thoughts turn to selling the ranch, packing up the kids, and heading for greener pastures. But why? Competition can be a good thing. After all, up to now the regional market has had no one to compare you to. Soon though, they'll be comparing attractions, capability of staff, perceived entertainment value, and facility appearances. Will you be up to the challenge when it happens to you?

Sometimes the best defense is a good offense - an old phrase but one worthy of mention. The time to prepare for the arrival of competition is the day you open the doors of YOUR facility. Have you ever found yourself saying, "this is a great location because we have no competition"? Unfortunately, in our capitalist society, you do not score extra points for being the first on the block, just the most successful. You may have built the market for entertainment in your region, but newcomers can quickly steal it away if you're not careful.

Our firm has a few national clients that routinely ask us to scout specific areas of the country looking for successful demographic matches to their store formats. At times, we'll target certain venues that appear to offer a good fit, but upon close examination suggest otherwise. Part of the "close examination" process is the identification of existing competitors, weighing both their strengths and weaknesses. If the competitor(s) are doing just an average job of meeting market demand, the recommendation will probably be that the market is ripe for development. However, if the competitor(s) demonstrates strong control over the market through effective programming and execution, the recommendation will likely be one of "tread lightly". Today, few large chains wish to simply share the market - they want to command it.

Think you can't compete? Think again. Some of the best run and most profitable facilities in the U.S. are single-unit entertainment centers operated by dedicated, hard working owners. They've warded off the competition by offering honest value, unique style, and most importantly, superior customer service. All of this takes work - a lot of work - but it pays big dividends in that the future of the facility can be assured. What's the secret? In a word - commitment.

Find Out Who You Are - Or Who You Need To Be

To me, the competitors of late have all had one underlying similarity - they each specialize in one particular aspect of the market. Whether that be childrens entertainment, adult entertainment, "edutainment", or something in between, they've made a decision to target an audience that is fairly consistent from an age group perspective. Why can't you simply target everyone? The answer lies in the expectations of today's patrons, who have been conditioned to wear specific clothes, eat specific foods, and drive specific cars. The \$60 billion that U.S. companies spent last year to advertise their products has had a direct effect on how consumers see themselves, and ultimately how others see them. Can you meet the needs of all of these individuals at the same time? Probably not. In fact, an undefined user group may be so fragmented that it proves to not blend well at an entertainment facility. Take younger children (ages 3 - 7) and teens (ages 12 - 16). Most parents are intimidated by the thought of allowing their young children to roam freely in a facility that also attracts teens, some of whom could be politely described as "rambunctious". This single ingredient might be enough to prevent the parent from returning to the facility and forever limit the revenue potential attainable at the site. Frankly, some age group audiences just don't mix well.

To really capture a market, the target user has to be well defined and well understood. None of us are strangers to target marketing - after all, technology has existed for quite some time by which to track our every move, from routine purchases to web site preferences. By designing a facility around a specific targeted user (with confirmation that a significant number

of such users exist in your market), we're more likely as an industry to satisfy our patrons and bring them back with greater frequency. Our offerings meet their preferences, and from there, a marriage is born. Suddenly, the soon-to-be-built competitor is not really competition at all - just another niche player in search of a completely different consumer.

Traversing The Challenges Ahead

Given the buzz emanating from politicians and lawmakers concerning the violence content of specific amusement equipment, niche selection may prove to be a sound offense for tackling the competitive and societal issues that impact our entertainment businesses. In fact, many operations may experience an improved level of efficiency as both the product and the delivery work within more defined and controllable guidelines. The staff will likely appreciate a more predictable daily operating format while the consumer will benefit from "customized" entertainment that meets substantially all of their expectations. While there's no easy method by which to corral the patron away from other forms of entertainment, such as the movie theater or sports complex, there is a way to position your entertainment facility as the ideal choice. "Signature Entertainment" is how I refer to it. In a society dominated by niche players of every shape and size, the entertainment center as we know it has the ability to reach the next plateau through customization, strong brand identity, and a well-designed marketing program. Whomever christened the phrase, "you can't be all things to all people" must have had a good eye for the future - and perhaps, an aversion to the notion of playing "follow the leader." As an industry, it's our turn to lead the charge.

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