

Bowling FECs and Hybrids Continue to Grow

By **GEORGE MCAULIFFE**

With all the bad news, you really have to be careful to whom you are talking, or you can wind up depressed and anxious. No question, the country is in a recession, all the more reason to channel our energy in pursuit of the opportunities that remain out there. Bowling FECs and hybrids, a success story of recent years, continue to turn in strong performance and attract new investment — a sure bright spot and good news for the game industry.

Having just completed a week as the guest of the Brunswick Corp. for their annual Brunswick Showcase, an educational program for existing and new centers, it was gratifying to see that there are still a lot of seriously interested, excited bowling proprietors and new investors to the industry. The anecdotal evidence from conversations with existing center owners is that business is “OK to very good,” and they are looking to expand and update their offerings.

Brunswick splits the showcase into two sessions: Monday through Wednesday the curriculum was geared to modernization of existing

centers; Wednesday through Friday to new center developers (some of which are traditional bowling operators). I was there to speak to both

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groups on the A to Z of the bowling center gameroom. The mood was good with both groups.

From all we see, hear and read about the banking crisis, you wouldn’t expect bullishness in financing such a capital-intensive business. While there was acknowledgment of longer meetings and lead times with the banks, and stricter standards than in recent years, many projects are moving forward. Banks and other lenders do need to lend, and not all banks are in trouble. There are especially healthy local

and regional banks. Investors need to invest. In the case of expanding existing bowling centers, many have long-standing relationships and a



solid track record of generating cash flow in some cases over generations. New investors that can deliver on increased equity requirements, often with a successful background in other businesses, are discovering the rebirth of bowling in the U.S.

Believe me, bowling is back! This ancient sport is discovering a whole new audience because of 21st-century innovations in the equipment, as well as updated packaging. When I helped open one of the first of what we now commonly call FECs in 1989, we were after an ex-

panded audience. The packaging of games, rides, laser tag, miniature golf, children’s play centers and food and beverage meant that we could expand our customer base. We could truly appeal to the whole family, both together as a unit and separately to its individual members. While the family unit might attend together on Saturday afternoon, the teenagers would come with friends on Friday and Saturday night, Mom or Dad and the toddler to the children’s play area on a weekday and so on. This allowed us to get the whole family on board by eliminating family veto votes from any one segment.

The new bowling FECs are doing the same thing. It turns out that bowling, when properly packaged, is a tremendous asset to the mix, serving as the prime draw and anchor. It appeals to a wide age group (today’s bowling FECs have leagues spanning age groups from toddlers to seniors), both genders and every segment in terms of age diversity. Today’s bowling FECs feature several elements, and redemption arcades, laser tag and mini golf (to name a few) widen that appeal and diversify the audience. The larger attractions, like bowl-



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Emerging Categories

The industry is coming together on labeling the various formats. The bowling FEC refers to a combination of bowling, redemption gameroom and restaurant or snack bar and bar, at minimum, and often other FEC attractions. The key to the bowling FEC label is in the ambience of the lanes, seat-

ing areas and related amenities. In the bowling FEC, the locations are designed to appeal to a wide audience with a lot of flexibility in lighting, music and video capabilities.

Another popular and growing format is the bowling boutique. While in Portland, we visited Grand Central, a prime example of the boutique concept. The boutique tends to be considerably smaller, often under 20 lanes, with almost a nightclub setting to the bowling, including lower lights, great music systems, music videos

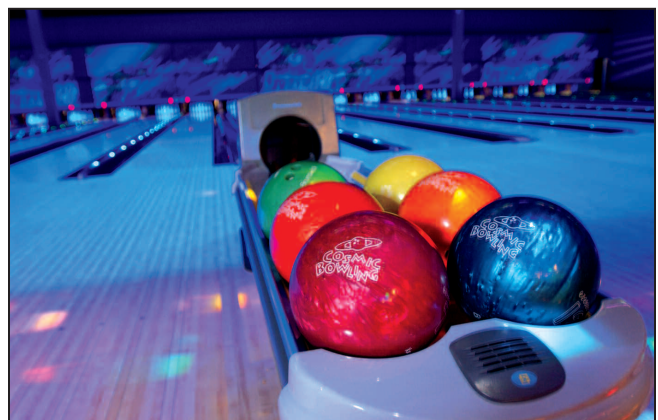
or major events. The feel is sophisticated, the furniture like a living room and very, very comfortable. Alcohol service is prominent, and if Grand Central is any guide, the restaurant fare can be exceptionally good. Twenty- and thirty-somethings are a prime slice of the audience. Games are not

prominent, if featured at all in the boutique center.

The hybrid bowling cen-

ter is a combination of the bowling FEC and boutique centers. Picture a bowling FEC as described above with a separate area with bowling lanes surrounded by the sophistication of the boutique center. In effect, it is a “center in center” with the boutique dropped into the FEC. Often the boutique area is completely separate, sometimes walled off, sometimes placed out of the line of FEC lanes. I’ve yet to see one where the bar was not either nearby or with a dedicated bar within the boutique area. The hybrid just extends the customer age appeal and is hugely attractive for private rentals and corporate groups.

Also while in Portland, we visited Big Al’s, perhaps the most impressive execution of the hybrid concept in the country. To describe Big Al’s would take a separate column, so we’ll see what we can do in the future. We also visited Sunset Lanes in a Portland suburb. Sunset has a traditional bowling center layout; guests walk in a front door, often past a pro shop on one side and a bar-restaurant on the other, to a concourse spreading left and right. There, across the concourse, are the bowling lanes, in this case 32 lanes. The Sunset proprietors did a very effective remodel, transforming their business into a





hybrid center. Starting with having Brunswick upgrade their lanes and equipment, they added state-of-the-art sound and video, turning one end of the facility, approximately eight lanes, into a boutique with a remodeled bar opposite. The remaining lanes are the FEC area with a well-done 1,800-sq.-ft. redemption gameroom opposite. There is also meeting space, a pro shop and other amenities.

In between the facility tours, I had the pleasure of listening to some world-class bowling folks discuss industry developments. Kurt Harz, VP of sales for Brunswick, put the new developments in perspective. In describing the reinvention of the bowling business, he compared it to Cirque de Soleil, a totally new look at the potential market for audiences. Instead of the circus model which existed for hundreds of years

— three rings under the big top attracting families with small children for one to three lifetime visits — the Cirque founders had a vision: a circus without animals appealing to an adult demographic in a variety of sophisticated venues. The rest is history. Kurt drew the analogy to developments in today’s bowling centers. “Out of a U.S. population of about 300 million people,” Kurt told us, “67 million



people aged six and older bowled at least once in 2008, a testimony to the new popularity of bowling.”

The Brunswick Showcase was devoted to sharing ideas and best practices for center owners and new investors to continue to attract new audiences, to entertain them well and to ensure that they continue to return. Kurt concluded his remarks by pointing out that the new FEC-boutique-hybrid models are young enough to represent a growth industry for the foreseeable future. At the same time, he noted, there are a sufficient number of these formats in their second and third year of operation to supply credibility to the concepts.

It was a great week in a dynamic environment. I was struck by similarities to our business (coin-op amusement). There is a segment of bowling proprietors using a model, which has predominated for many years (traditional centers), focused on a certain customer (the league bowler) with attendance in decline due to lifestyle changes. Many in this segment are reluctant to invest in modernizing their businesses to attract a new audience, either because they are reluctant to risk the capital they have accumulated over many years or because they

are unable to break out of established business patterns (even as they decline year after year).

Sound familiar? Change “traditional bowling” to “route operators,” and you have a description of many in the coin-op business today. In both industries, there are good opportunities to pursue if we can only expand our horizons, maintaining the flexibility to put our companies in the path of opportunities. ♦

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