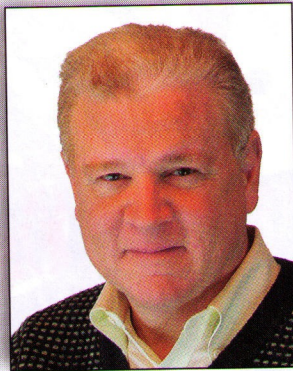


# Out of home entertainment: past to present



George McAuliffe

*The evolving world of entertainment requires adapting, assessing, and testing new concepts to stay ahead of the game.*

Since the first caveman turned to his wife and said, "You know, Gladys, I'm getting sick of sitting around looking at these three stone walls," people have been searching for entertainment outside of their homes.

The business of out of home entertainment (let's call it OHE) has ebbed and flowed over the years based on trends, competition for time and attention, fresh ideas, stale ideas, fads, and the general economic climate.

When I was a kid living in New York City we had six channels of TV, plus one nobody watched. A generation later there are well over 100. And air-conditioning? Entire theses have been written about the affect of air conditioning on human behavior.

Long-term trends such as what used to be called "home computers" had their influence on society as well. The constantly improving quality of consumer video game technology has radically altered OHE. And the digital age? Fuggedaboutit! (sorry, lived in New Jersey too).

Our latest competitor for consumer time, attention, and dollars is portable! People can play games, talk with their friends (anywhere, worldwide), download almost any song ever written, or watch TV shows while walking down the street! Yikes!!! Tell me again, why are we in the business of fixed location entertainment attractions?

Refer back to the first sentence of this article. We are in the OHE business because there is a market. Despite the ebbs and flows over the years there has been a more or less steady growth in demand for entertainment venues outside the home.

The challenges listed above are off-

set by other, positive trends: more leisure time, disposable income, the need for quality family experiences outside the home, and working moms. Let's not forget the supply side either: fun stuff to do in well-designed, well-managed, and well-operated facilities provides drawing power.

*"If you would understand anything, observe its beginning and its development." Aristotle*

## LONG AND STORIED PAST

In earlier centuries with fewer people spread farther apart primitive technology and communications, OHE was limited to occasional gatherings, trips to town, etc. Humans entertained each other: storytellers and musicians, around campfires together, in theatres with live actors, in dance halls, and in saloons.

The first "Pleasure Gardens" appeared in Europe in 1550 featuring fountains, flower gardens, bowling (still one of today's most popular family entertainment attractions), games, music, and dancing. Some credit Russian ice slides, which gained popularity in 1650 as the first amusement ride, as the forerunner of the roller coaster.

Fast forwarding to the United States in the 19th century, annual fairs and carnivals served an audience that had limited time and money for amusement week in and week out but splurged on an occasional, often annual basis. Still, smaller parks started to put down roots: the early "location-based entertainment."

One was Coney Island in Kings County, New York (later Brooklyn). The 1875 version of Coney Island featured cabaret; vaudeville; fortune tellers; games; and some rides, like





countries.

CEC Entertainment (Chuck E Cheese's), publicly owned, operates 520 locations and enjoys a market cap of \$1.3 billion. Disney's ESPN Zone is entering its tenth year of operation and has grown to eight locations. Sega recently acquired full control of GameWorks and installed a highly qualified management team to grow its business in restaurant, bar, and game operations.

Other new players have entered the market. The Mr. Gatti's restaurant chain has expanded its entertainment offerings in their Gatti Land and Gatti Town pizza buffet and FEC concepts. America's Incredible Pizza, another big box pizza buffet and FEC chain, is enjoying incredible growth.

In a smaller footprint, the well known and loved Shakey's Pizza

*"The trick is to adapt to the changing tastes of consumers, to continually assess what is working, and to jettison what is not."*

chain has recently attracted serious restaurant investors who are updating the brand as Shakey's Pizza and Grill (with family games).

All are expanding under a franchise model that fuels continued growth. Main Event was recently acquired by Australian company Macquarie Holdings for its impressive combination of bowling, food and

beverages, and family entertainment. On the straight coin-op front one of our largest game operators, formerly Sugarloaf, was acquired in 2005 by Coinstar Inc., a publicly traded company with a market cap of over \$800 million.

We often have heard about the decline of the industry and certainly segments are in decline. This review should show, however, that we have been entertaining people outside the home for some 500 years, at least. The trick is to adapt to the changing tastes of consumers, to continually assess what is working, and to jettison what is not. ▲

George McAuliffe is a 25-year route and FEC operator and President of the consulting firm Pinnacle Entertainment Group Inc. He can be reached via e-mail (georgemc@groupinnacle.com).



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