

FEC PHOENIX

FEBRUARY 26-28, 2013

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REPORT ON TECHNOLOGY SURVEY

How Can FEC's Maximize Their Use of Technology to Increase Profits

For Both Centers and Sponsors

February 26-28, 2013

By



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Of

FEC PHOENIX 2013

Attendees to the first FEC Phoenix conference, February 26-28, 2013, were asked a set of 16 questions during the event to explore how their FEC's currently use various types of technology.

The goal of this report is to analyze the resulting information, and to offer suggestions for how FEC's might improve their use of technology to increase profits ("Make More Money").

The suggestions are collaboration between Ben Jones, President of RECreation, Inc. and IAAPA's FEC Specialist and Jim Zigarelli, President of Your Perceptions, and editor of the Executive Summary for IAAPA's Family Entertainment Center Benchmark Study for the past three years.

There were a wide range of facility sizes and budgets represented at FEC Phoenix and 57 answered the survey focusing on their primary location. We have made suggested action recommendations based on issues we believe every facility should consider.

Note: We highly recommend facility owners and managers refer to the IAAPA Family Entertainment Center Benchmark Study, 2011-2012, which was included on your complimentary thumb drive. It includes data on many subjects important to FEC's worldwide.

This Report follows the following format:

- First the question, or subject, is shown with a number and highlighted.
- If there is a relative results Table, it follows the question.
- The response to the question is summarized.
- Suggested Action concludes each of the 7 numbered sections.

1. WHAT WERE YOUR CENTER'S APPROXIMATE GROSS REVENUES IN 2012?

1. Under \$24,999	3	6.8%
2. \$25-\$50k	1	2.3%
3. \$51-\$100k	0	0.0%
4. \$101-\$250k	0	0.0%
5. \$251-\$500k	2	4.5%
6. \$501k-\$1M	6	13.6%
7. \$1-\$1.5M	6	13.6%
8. \$1.6-\$2M	7	15.9%
9. \$2-\$5M	13	29.5%
10. More than \$5M	6	13.6%
	Total	44
	Mean	7.41

Respondents were instructed in the survey introduction to answer for their primary location. Although there is a large variance between gross revenues, this report's "suggested actions" are based on the operation of a single facility.

2. PLEASE RATE HOW EFFECTIVE IS YOUR OPERATION AT MANAGING THE FOLLOWING COMMUNICATIONS CHANNELS?

RESULTS: Poor = 1 Not Very Good = 2 Good = 3 Very Good = 4 Excellent = 5 N/A = 6

	Poor	Not Very Good	Good	Very Good	Excellent	N/A	Total	Average
Website	3	7	19	17	11	0	57	3.46
Social Media	4	11	28	9	4	1	57	3.02
E-Communications	2	11	26	12	5	1	57	3.18
Party Bookings	0	8	12	19	9	9	57	3.98
In-house Signage	3	10	14	18	5	7	57	3.58
Phone Inquiries	2	7	22	11	11	4	57	3.60
Customer Feedback	2	8	26	12	6	3	57	3.37
Television Advertising	9	6	14	9	1	18	57	3.72
Radio Advertising	7	8	15	5	2	20	57	3.82
Print Media	3	11	21	11	1	10	57	3.46

2A. HOW EFFECTIVE IS YOUR OPERATION AT MANAGING YOUR WEBSITE?

In the IAAPA Family Entertainment Center Benchmark Study, 2011-2012, websites were rated within the top three methods used to market FECs successfully.

The FEC Phoenix survey results showed that 20% of respondents believe they do not have a good website, and another 30% have websites that are perceived only as good.

Suggested Actions: The goal for every operator should be a website that is very good or excellent. A website that is very good or excellent will produce incremental revenue.

Six things that make a good website excellent? (Not a complete list but a start)

One. Can customers find your website? Where does the website appear in Google search returns? There is no simple answer to this, but start with these three things:

- Keep content updated and fresh and focused on what your center offers
- Know and use the keywords people are using to search for you.
- Insure all images and graphics are searchable.

Two. Easy to navigate. Can visitors find what they're looking for? Are the most requested elements (hours, location, prices and attraction features) included and intuitively found? One way you can tell this is by using Google Analytics effectively. If you don't use analytics, start.

Three. Does the website visually communicate fun! Does your website landing page communicate fun in under 8 seconds? It's estimated that up to 50% of visitors to landing pages will leave in the first eight seconds, while the overall average for a home page visit is under 45 seconds.

Four. Is the website viewable and usable on mobile devices? Industry trends indicate 30% or more of website traffic to FEC's comes from mobile devices, and this number is rising and is expected to exceed 60% within two years.

Fifth. Can visitors complete what they came to the website to do easily? Most websites don't maximize the use of technology to make a site interactive for the user by making most all content clickable and actionable.

2B. HOW EFFECTIVE IS YOUR OPERATION AT MANAGING YOUR SOCIAL MEDIA?

According to the IAAPA Family Entertainment Center Benchmark Study 2011-2012, Social Media is the fastest growing marketing method year over year.

Over 25% of respondents to the FEC Phoenix survey rated their social media not very good or poor. Just 22% of respondents indicated their social media was very good or excellent.

Suggested Action: According to Google, Social Media is now heavily factored in search rankings. Having an actively engaged, vibrant community, will positively impact the ease with which people find your facility on the web.

Three steps to gauge if your social media is effective?

One. The goal of social media should be for people to interact with you and tell you what "they" want. Posting only your promotional messages or constantly selling what you want to sell is not effective social media.

Two. Getting good content is the hardest part of successful Social Media. FEC's have many ways to generate good content. It starts with engaging your customers and giving them easy access to post, write and create content for you.

Three. Monitor what people say about your facility, staff, etc. online. A few bad Yelp or Trip Advisor reviews can really hurt your business. If someone blogs about their visit, if it is bad you'll want to know and respond, and if it is good, it can be used for great content.

2C. HOW EFFECTIVE IS YOUR OPERATION AT MANAGING YOUR IN-FACILITY AND ON-SITE SIGNAGE AND PROMOTION?

According to the IAAPA Family Entertainment Center Benchmark Study, 2011-2012, on-site facility promotion is the most important marketing tool used to generate sales.

22% of respondents to the FEC Phoenix Survey indicated they do not have good in house signage and promotion.

Suggested Action: Merchandising effectively at the point of purchase may do more to increase your sales than any other type of media, dollar-for-dollar.

3. PLEASE RATE THE IMPORTANCE OF THE FOLLOWING TO YOUR OPERATION:

1 = Not important 2 = Somewhat Important 3 = Very Important

	Not Important	Somewhat Important	Very Important	Total	Average Closest to 3 highest
Customer Satisfaction	2	3	43	48	2.85
Cleanliness of the Facility	1	5	42	48	2.85
Discounts	8	31	9	48	2.02
Extended Hours of Operation	7	28	13	48	2.12
Offering New Attractions Annually	4	24	20	48	2.33
Staff Training	1	7	40	48	2.81
Website	2	14	32	48	2.62
Social Media	3	18	27	48	2.50

FEC Phoenix respondents indicated that Cleanliness of the Facility virtually tied with Customer Satisfaction as most important to a successful operation.

Suggested Action: If you don't ask, you won't know. How effective is your staff and/or your systems at finding out what is important to your customers? None of us have enough staff to ask every customer how their experience is and therefore using electronic survey tools, kiosks or even use comment cards help. The key is to actually do something with the information you collect.

4. WHAT WORDS BEST DESCRIBE THE FEC INDUSTRY NOW?

1. A great investment	10	20.8%
2. A struggle to make money	8	16.7%
3. Hard for small operators to thrive	6	12.5%
4. Plenty of room for growth and expansion	19	39.6%
5. Not sure	5	10.4%
	Total	48

Among FEC Phoenix survey respondents, almost one-third are not completely sold on the FEC industry itself, with 16.7% saying, 'it is a struggle to make money' and 12.5% indicating, 'it is hard for small operators to thrive.'

Suggested Action: Continue having dialog with others in the industry. Only one-third of those in attendance completed the survey. Statistically, we can almost guarantee there were one or more other people in the room who shared at least one of the same concerns our respondents had at one time. Stay connected with your peers. Reach out to those in attendance. Form alliances.

5. WE ASKED FOR THE THREE MOST SIGNIFICANT ISSUES FACING THE FEC INDUSTRY IN 2013 AND 2014. WE GOT ONE CLEAR ANSWER.

Economic stability is by far the most significant issue facing the industry according to 50% of the respondents to the FEC Phoenix survey. The next closest concern was competition, which was selected by fewer than 15% of respondents.

Suggested Action: According to the SBA, during times of economic instability, the majority of businesses cut their marketing budgets. A smaller portion of businesses increase their marketing budgets. Generally those that increase their budgets, increase market share, generate more in sales and make more money.

The average business in the USA spends approximately 15% of gross revenue on marketing. The FEC industry as a whole spends 10% or less on marketing. The FEC Phoenix Survey data shows that more than half of FEC's undervalue the importance of technology when used to communicate marketing and advertising messages to engage customers.

6. WHO IS YOUR CUSTOMER?

How do you use your email database system?

1. Regular monthly newsletter	19	45.2%
2. Birthday promotions	27	64.3%
3. Periodic emails	26	61.9%
4. Contests and Promotions	24	57.1%
5. We have no plan	0	0.0%
6. We receive detailed reports on email	10	23.8%
TOTAL	42	

Over 87% of respondents to the FEC Phoenix survey maintain a customer database, yet only 26% use it to learn who their customer is before communicating with them.

Suggested Action: Customizing communication to reach each individual customer is not only possible, but affordable. Analyze every communication to determine effectiveness prior to blindly sending out another one.

7. POS - A POPULAR TECHNOLOGY TOOL THAT IS UNDERUTILIZED.

84% of respondents have a POS system, but not everyone maximizes its features.

- For example, 80% use their POS to sell tickets and passes, but only 62% use it to book parties, and only 49% use it to manage cashless and debit cards.

Suggested Action: Every FEC should be able to at least schedule parties online or know how to promote parties online to increase bookings. 30% of respondents don't offer party bookings online. Talk to your POS provider and ask them to explain your options.

SUMMARY

Most FEC's use technology by grabbing bits and pieces of what feels good to them.
Half of the attendees to FEC Phoenix do not believe they are using technology effectively.

CONCLUSION

Understand how to maximize technology starting with the tools and applications you already own.
It requires a little amount of time and a small investment.

IN THE SPIRIT OF FEC PHOENIX TO MAKE MONEY, SAVE MONEY, AND GENERATE A SALE, THIS SURVEY DEMONSTRATES THAT ALL THREE CAN BE ACCOMPLISHED IF YOU UNDERSTAND AND MAXIMIZE YOUR TECHNOLOGY.