

# A Different Point of View

## Can FECs Be All Things to All People? A Response



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In March, I posted a blog about the overexpansion of FECs and how “There is a basic problem with the classic FEC model that continues to be developed — the formula of having attractions that appeal to everyone, to children of all ages, to families with children and to adults.

Over the almost three decades since that formula first appeared, there’s been an expansion and segmentation of community leisure venue (CLV) types targeting specific niche demographic groups and types of activities. In the early days of FECs, the formula to target everyone generated adequate attendance revenues by also appealing to adults, since adults had so few other out-of-home entertainment options. Today, there are all types of entertainment venues specially targeting adults rather than families and as a result, FECs have basically lost the adult market,

part of the customer base they once had that made them a viable concept.” (read my blog at <https://bit.ly/2YjYdIN>).

I posted a notice of the blog on LinkedIn and there has been a lot of industry dialogue, where a general consensus formed that focused CLV concepts are the future and multi-attraction, wide-appeal facilities, traditional FECs, can’t keep up.

So, in an article in the May issue of this magazine, George McAuliffe, a highly experienced and respected industry veteran, took issue with that viewpoint. George basically argues two things:

**1. Focused-niche concepts are not uniformly successful.**

I agree with George that not all focused-niche concepts are successful. But many are. Regardless, they continue to grow in types and number, attracting attendance that would

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**Dave & Buster's** very intentionally set out to attract the adult market, not diluting its mix with games and attractions to draw families and children. The result is locations with high appeal to their target market, but ones that also draw a secondary demographic, families.

have gone to traditional FECs. One reason many fail is due to the overexpansion of CLVs in many markets, especially the major metros, where the supply of such leisure venues, including the focused ones, now exceed demand for out-of-home entertainment attendance.

As I said in my blog, "It's just plain foolishness out there with the classic FECs continuing to pop up everywhere...it's a zero-sum game for out-of-home (OOH) leisure; consumers will only spend so much time and so much money for OOH leisure and entertainment."

If you don't think that consumers have that many options for their limited OOH leisure time and spending in major markets, just check out the word picture of all their choices in many markets.

**2. In today's marketplace, there are many examples of successful concepts that appeal to a wide audience (which George describes as "big-box, multi-attraction centers [that] continue to grow and thrive").**

I also don't totally disagree with George concerning the success of some multi-attraction centers. In smaller markets, a more traditional FEC model still

has legs, as those markets aren't large enough to support competing niche concepts. But even then, it is best for success to divide the center into two areas, one for families and one adult-focused, with some areas shared such as the gameroom.

However, George confused one of the core points of my blog. My point about focused-niche concepts deals with targeting a niche demographic, not whether the CLV is multi- or single-attraction. I never implied that multi-attraction centers weren't a viable business model, only the ones that tried to be all things to everyone. In fact, George actually uses an example of a concept that he says appeals to a wide audience to try to make his point when in fact he is really arguing in favor of my point: that successful concepts today (in most situations) have to be focused on a particular niche market. The concept he cites is exactly the same concept I cited in my blog – Dave & Buster's.

Dave & Buster's is highly successful because it targets the adult market. It is not a traditional FEC with attractions for each age group. It doesn't have a soft play unit or *Whac-a-Mole* and other games designed for children.

It doesn't have a ropes course for older children. It doesn't have bumper cars. It doesn't have children's birthday party rooms. It has a narrow focus regarding both its offerings and target market (what is referred to as a "focused assortment"). Its gameroom, with its adult-focused game assortment, sports bar and everything in it, is designed to have high appeal to adults and that focus isn't diluted with family or children components. Yet, a significant part of their business comes from adults coming with kids, especially during the daytime. It is not a traditional multi-attraction FEC.

Why is D&B's successful as an adult concept while still attracting families? It follows one of the "Immutable Laws of Marketing," the "Law of Sacrifice," which says if you want to be successful, you need to give something up. In D&B's case, you give up the family and children market to gain a greater share of the adult market. But the interesting paradox is that when you focus on one niche market, and have high appeal to that market, you will still attract a secondary market. In D&B's case, the secondary market is families. As a result, D&B achieves sales per square foot that's multiples of what non-niche-focused traditional FECs achieve.

What is happening to traditional FECs today is the same phenomenon that is happening to department stores. Department stores try to offer multiple categories of retail to multiple categories of consumers. They try to be generalists. They have been continually losing appeal and sales to specialty retailers that can do a far better job of offering a focused assortment of goods to more targeted markets. Many department stores have closed as a result throughout the country.

What has happened in the CLV industry is described in another Immutable Law of Marketing – the "Law of Division." Over time, a category will divide and become two or more categories and continue to diversify into an ever-expanding sea of categories. As a result, the competitive landscape will always continue to



expand this way. A prime example is beer. Now we have domestic and imported beer; premium and popular-priced beer; light, draft and non- and low-alcoholic beers; mass-produced and microbrews. That is just what we are seeing today with all the focused-niche CLV concepts. The concepts continue to expand.

The wide variety of out-of-home (OOH) entertainment options in many markets makes the traditional wide-appeal FEC even less attractive. With consumers having limited leisure time and feeling “time famine,” they are driven by a desire for novelty and to gain social capital. As a result, they’d rather visit and share their experience at some new facility on social media than repeat the same old thing.

George also cites bowling entertainment centers (BECs) as another example of concepts that appeal to a wide audience. BECs are going in two directions. Some are trying to be bowling-

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based traditional FECs, and as a result are replicating the outdated traditional FEC paradigm. Others — the more successful ones — are adult-niche focused.

Pizza entertainment concepts are another example George references to prove that wide-appeal models still work. I contend that they are not wide-appeal models, but instead are focused on families with children and as a result, they are successful in capturing that niche market.

George also points out examples of

focused-niche concepts “adding attractions to broaden their audience.” However, the examples he cites, such as trampoline parks, are not broadening their audience, in my view. They are adding attractions to try to increase their repeat appeal to their existing audience.

There are still many opportunities to develop and operate successful CLVs. However, the competitive landscape has expanded enormously in many markets, so it takes high-quality, focused concepts to win. I maintain that concepts that follow old industry, wide-appeal paradigms in competitive markets will only struggle, and many will fail. Those that follow the new business model of focusing on a niche market will win. As Yogi Berra famously said, “The future ain’t what it used to be.”

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