

Urban Entertainment Centers

Important trends in the family entertainment industry are merging with trends in consumer product marketing to produce a new development force in communities: the urban entertainment center (UEC).

Entertainment industry trends include recent developments in theme and amusement parks, family entertainment centers, sports, electronic games, and food and beverage sales. Other elements of the entertainment business are progressing in tandem with movements in consumer product retailing to create a new breed of urban redevelopment engine. The themed, destination entertainment complex, or UEC, can serve as an anchor for a large urban redevelopment project. Now, fully operational facilities are beginning to emerge in the larger markets, offering the promise of application to smaller urban areas.

An examination of some of the primary elements and current directions in family entertainment will provide a better understanding of where this rapidly growing industry has come from and where it is going. Most important, it will show how local government managers and planners can use UECs as redevelopment catalysts to reap maximum benefits in the future.

Trends in

Family

Entertainment

Go Downtown

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Photo above: An artist's rendition of Bayou Place, which will consist of 150,000 square feet of space filled with 13 clubs, a virtual reality arcade, sports attractions, and more in Houston, Texas. The UEC is scheduled to open in August 1996.

Theme and Amusement Parks: The Foundation

Our society has long enjoyed the entertainment diversions provided by amusement parks and their successors,

the larger theme parks. Their impact on the current development of UECs has been threefold:

- They have woven multi-attraction entertainment into the socioeconomic fabric of our culture.
- They have proven their value as vehicles for corporate imaging and marketing.
- And they have been fertile testing grounds for new entertainment inventions and concepts.

Theme and amusement parks proliferated during the 1950s and 1960s on a wave of postwar prosperity and mobility. No one was more instrumental in defining this entertainment genre than Walt Disney, in his California and Florida parks. Such latter-day entrants into the theme park business as Universal Studios and MGM have achieved a rich blend of corporate imaging strategy, retail objectives, and technological innovation that has strengthened their position for movement into new markets adaptable to UEC development.

Though regional parks like King's Dominion, Great America, Seaworld, Busch Gardens, and others will continue to provide entertainment, the heyday of expansive outdoor parks has passed. The innovations in entertainment experiences that they developed, and the concepts of corporate imaging and retailing that they

refined, however, have formed a valuable legacy that will be used in urban applications as the next generation of "entertainment stores" evolves.

Fun + Retail = \$

Family entertainment centers, or FECs, are facilities with many of the same attributes as theme parks, though on a smaller scale. They represent another branch in the lineage of UECs, and they are evolving into increasingly high-tech, market-specific facilities while still maintaining certain time-proven elements in their composition.

FECs include water parks, miniature golf courses, skating rinks, go-kart courses, golf driving ranges, baseball batting cages, and video arcades. Most are likely to be a mix of some or all of these attractions. Thrill rides, redemption games, movie simulations, and virtual reality also are components of the ever-broadening product mix demanded by consumers and provided by FEC operators.

In 1994, the International Association of Amusement Parks and Attractions (IAAPA) surveyed amusement park and entertainment attraction operators. Responses revealed some quantitative characteristics of FECs, including size, revenue, and market demographics:

- While theme and amusement parks average 35 acres, FECs average approximately 38,000 square feet.

- The primary market for FECs is local, with 57 percent of attendees living within a 10-mile radius. It is significant, however, that nearly 28 percent live outside a 20-mile radius, indicating that size and product mix can generate sufficient drawing power to make an FEC a destination attraction (see Figure 1).
- Nearly half of FEC attendees are children aged up to 15 years (49 percent). Parent-aged individuals 22 and up account for 36 percent. Viewed as family units, these groups make up 85 percent of attendance and reveal the heart of the FEC market (see Figure 2).
- Attendees' average length of stay is two hours, and per capita expenditures average \$7. Viewed as family units, however, they average more than \$34 per visit (see Figure 3).

Theme parks generally have a "pay-one-price" admission charge that averages \$14.64, according to IAAPA. Conversely, FECs rely on pay-for-play systems that are more adaptable to UEC configurations. This a-la-carte payment system allows for choices by customers and contributes to the perceived value in their entertainment experiences.

The trend toward development of FECs in retail environments is spreading rapidly as mall and store operators seek to attract more customers and to keep them longer. According to IAAPA, amusements in malls can increase the draw five times and can extend visits by up to three to five hours. The average mall-integrated FEC contains 115,000 square feet and generates \$50 to \$150 per square foot in revenue.

The indoor, mall-integrated FEC is epitomized by the West Edmonton Mall in Alberta, Canada, developed by Triple Five Corporation, Ltd. At 5.2 million square feet, the mall is the world's largest shopping center. Built in three phases beginning in 1981, the mall incorporated develop-

Figure 1: Distances at Which the Attendees Live from The Surveyed Family Entertainment Centers

Distance	Average Percentage of Total Parks Surveyed
0 to 5 miles	30.9%
5 to 10 miles	26.2
10 to 15 miles	9.2
15 to 20 miles	5.8
More than 20 miles	27.8
Total	100.0

Sources: IAAPA; Hunter Interests, Inc.

Figure 2: Summary of Age Distribution Among the Surveyed Family Entertainment Centers

Age Group	Average Percentage of Total Parks Surveyed
9 and younger	28.7%
10 to 15	20.8
15 to 21	14.5
22 to 30	12.8
31 to 40	15.5
41 and older	7.7
Total	100.0

Sources: IAAPA; Hunter Interests, Inc.

ment of Fantasyland Amusement Park and the Ice Palace, following completion of its retail components. By 1985, additional entertainment and recreational opportunities had been supplied by the World Waterpark, Pebble Beach Golf Course, and Deep Sea Adventure sections. In all, West Edmonton Mall incorporates more than 800 stores, 20 movie theaters, 100+ eating establishments, a nightclub, animal environments, and more, within its five amusement areas spread throughout the mall. There is parking for 20,000 cars, and during the holiday season, often the mall has a serious parking shortage.

The synergism of retail and recreational sales has been well proven in Edmonton and applied to such sites as the Mall of America in Bloomington, Minnesota, where Knott's Camp Snoopy, a 300,000-square-foot amusement component, is a primary

destination attraction. Other entertainment components there include 18 movie theaters; Legoland; a 1.2 million-gallon, walk-through aquarium; miniature golf facilities; and several nightclubs and sports bars.

On a somewhat smaller scale is River Falls Mall in Clarksville, Indiana, which encompasses River Fair, a 100,000-square-foot FEC featuring the Grand Carousel, miniature golf, bumper cars, train ride, and video arcade. The 750,000-square-foot mall is anchored in its retail component by Bacons, Wal-Mart, and Toys R Us. There also are more than 100 specialty shops, a 10-unit food court, and a 10-screen theater complex. Other new and upgraded regional shopping centers are adding a variety of entertainment products to differentiate themselves from their competitors with a similar store mix, and to expand their geographic market areas.

FECs, both of the mall-integrated and the stand-alone type, represent a key stepping stone between amusement parks and UECs. They have proven their value as anchor attractions for retail operations and their ability to achieve profitability as entertainment businesses alone. This combination of attributes lends itself well to the goals of urban redevelopment planners, entertainment companies seeking to expand their markets, and consumer product manufacturers looking for entertainment/retail opportunities.

Where the Trends Meet: Three Profiles

Dave and Buster's. An emerging type of FEC is the self-contained, adult-oriented, stand-alone model characterized by the Dave and Buster's operations. A pioneer whose first facility opened in 1982, Dave and Buster's includes evolutionary elements of the full-fledged UECs now being planned and developed. It provides a unique blend of varied entertainment and food/beverage options for which there is a demonstrated demand. As the baby boomer market ages, these adults are being recognized as a specific market segment with a demand for diverse entertainment. This demand has driven expansion of the Dave and Buster's operation, which now includes facilities in Dallas, Houston, Philadelphia,

Figure 3: Expenditures per Party and per Capita at the Surveyed Family Entertainment Centers

	Park A	Park B	Park C	Park D	Park E	Park F	Park G	Park H	Park I	Park J
Per Party	\$34.50	\$45.43	\$35.64	\$24.62	\$56.71	\$44.22	\$30.84	\$22.51	\$24.79	\$23.77
Per Capita	\$7.93	\$6.34	\$9.11	\$6.31	\$12.89	\$10.53	\$5.93	\$5.22	\$7.23	\$4.75
Length of Stay (hrs.)	2.3	1.9	1.7	1.9	4.5	4.5	1.4	1.9	2.0	1.7
Expenditure per Hour:										
Per Party	\$15.00	\$23.91	\$20.96	\$12.96	\$12.60	\$9.83	\$22.03	\$11.85	\$12.39	\$13.98
Per Capita	\$3.45	\$3.34	\$5.36	\$3.32	\$2.86	\$2.34	\$4.24	\$2.75	\$3.62	\$2.79

Sources: IAAPA; Hunter Interests, Inc.

and suburban Atlanta, with others under development in downtown Chicago and Addison, Illinois.

On its Million Dollar Midway, Dave and Buster's offers state-of-the-art, interactive electronic games; sports simulators; video games; driving simulators; virtual reality games; and more. In another area, it features pocket billiard tables in a posh "club" environment. In still another section of the facility is the "Play for Fun" Blackjack Casino, where patrons can play casino-style table games in a Las Vegas card-room environment, winning enjoyment rather than money. All D&Bs have The 19th Hole, a high-tech golf simulator, as well as traditional table shuffleboard. The Philadelphia facility also includes a 4,000-square-foot outdoor bar and stage on the Delaware waterfront.

Dave and Buster's extends its invitation to adult customers with several dining and bar combinations that complement its recreational and entertainment theme. Its target market runs from young adults to baby boomers who want to have fun and get food and drink under one roof. (What better definition of an entertainment center?) It is a concept likely to be seen frequently in the future and to be integrated into the evolution of the family entertainment industry.

The significance of Dave and Buster's in UEC evolution is that a single business enterprise has demonstrated acceptance in several, differing markets and is profitable. Though many UEC concepts generate serious questions about market acceptance and profit potential, and though financing can be difficult to secure without tested models to learn from, Dave and Buster's example should help other UECs to secure the necessary support.

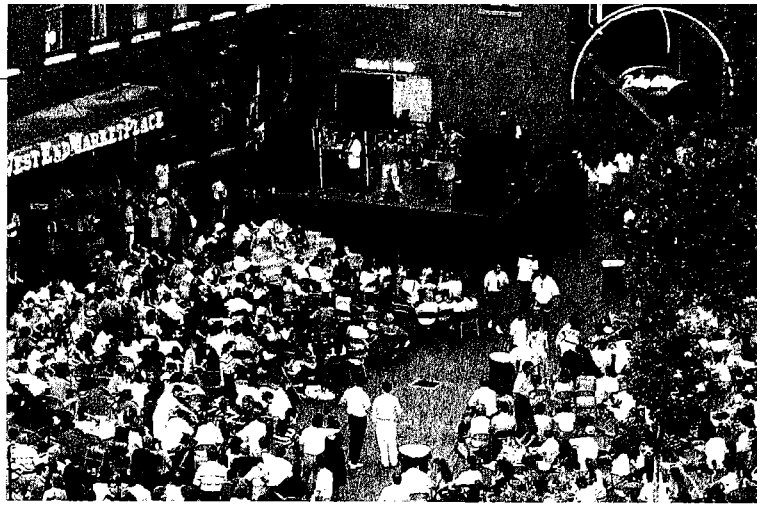
Dallas Alley. Dallas Alley, located in the West End Historic District of Dallas, Texas, is a multi-venue collection of clubs, dining rooms, and arcade

amusements with gross sales of \$8.3 million. Operated by Graham Brothers Entertainment, Inc., Dallas Alley transformed the former Sunshine Biscuit Company into a specialty retail and entertainment center originally patterned after festival marketplaces such as Faneuil Hall in Boston and South Street Seaport in New York. Dallas Alley expanded its focus on entertainment with the addition of a 12,500-square-foot electronic game center called "Tilt."

Dallas Alley anchors the West End District's retail and restaurant blend, with half of its customers drawn from the local market and the other half from among tourists. It augments the West End Marketplace Cinema and Planet Hollywood, as well as two 18-hole, miniature golf courses in the district. A recent survey by the Dallas Improvement District showed that the West End Historical District was the number-one reason for coming downtown, thereby proving the importance of critical mass in establishing a destination attraction.

Bayou Place at the Albert Thomas. Plans were announced in March 1995 for the \$22 million conversion of the Albert Thomas Convention Center in downtown Houston into Texas's largest entertainment facility. At 150,000 square feet, Bayou Place will contain 13 nightclubs and four restaurants, along with electronic games, a virtual reality arcade, sports attractions, and more. It is scheduled to open in August 1996 and is viewed as an important addition to the theater district and a key step in downtown revitalization.

Houston entered into a 60-year lease and development agreement with a developer in 1991 to reuse the abandoned downtown convention



A crowd gathers to hear a free concert in the plaza linking Dallas Alley and the West End Marketplace. The blend of entertainment, retail and restaurant offerings have made this area the number one destination in downtown Dallas.

center. Under the terms of the public/private venture, the city is expected to receive \$50,000 annually in lease payments and 25 percent of the profits. The development is projected to create jobs for 300 area residents and will be a destination entertainment attraction in downtown Houston.

Bayou Place, in cooperation with the city's civic center department, periodically will host live, outdoor musical performances at Jones Plaza, across the street from its entrance. Its restaurants will have outdoor seating, further contributing to the interrelationship with downtown employees and theater-district patrons. Houston may add to its downtown critical mass of entertainment activity with a Mirage casino on the former arena site when Texas passes a casino gambling law, as is expected before the end of the decade.

Notable Failures

Even though the concept of UECs is hot in current markets, success is not guaranteed. As with any new form of development, the risks are high and financing is difficult. A review of some notable failures on the road to the redefinition of current UEC concepts will demonstrate this point.

Autoworld. In the early 1980s, the Mott Foundation in Flint, Michigan, funded the development of a "theme

park under a roof,” with a theme based on the automobile industry. Originally conceived to be more of an interactive science museum than an entertainment venue, the Autoworld project was one of several aggressive and imaginative redevelopment efforts designed to turn around the failing local economy of downtown Flint. When automobile companies declined to sponsor the project in spite of their significant corporate presence and history in central Michigan, the foundation turned to the Six Flags Corporation, a successful theme park operator.

Two things happened when Six Flags came onto the scene: the size and cost of the project increased dramatically, and the concept evolved in the direction of a themed entertainment attraction rather than a state-of-the-art demonstration of automotive science and technology. The Mott Foundation went along with the changes and picked up the tab, assuming that visitors from a multistate region would be attracted into downtown Flint. Unfortunately, the market for the expanded and altered project never was tested properly.

With over \$70 million invested in high-cost dark rides that were poorly conceived and engineered and never worked well, the project stumbled from the beginning. It succeeded in penetrating local and subregional markets, but the numbers were never sufficient to approach financial feasibility. Six Flags viewed its responsibilities as largely those of an operator rather than an investor, and the foundation finally, wisely, refused to keep writing checks. The project closed unceremoniously.

The Power Plant. In the mid-1980s, the city of Baltimore, Maryland, offered the 82,000-square-foot Power Plant building on the successfully revitalized Inner Harbor waterfront to developers for an entertainment attraction that would contribute to the critical mass of the Inner Harbor’s

tourism activities. The successful bidder was again Six Flags, with a concept that was less ambitious than Autoworld and in a destination that already drew millions of tourists and potential customers each year. Viewing the project as much less risky than the one in Flint, yet lacking a benevolent local foundation as banker, Six Flags executed a long-term, participating lease with the city and developed a variety of live shows, exhibits, films, and interactive entertainment devices that could be sampled in a three-hour visit for admission charges ranging between \$7 and \$9.

This UEC erred in the opposite direction from Autoworld. The Power Plant had relatively few repeat visits because the entertainment venues themselves were somewhat unimaginative (“dull and lackluster,” in the words of early customers) and because the project was perceived as overpriced and not delivering value. In contrast, the nearby National Aquarium was viewed as interesting and entertaining with comparable pricing, and it generated numerous repeat visits from the local market.

The Power Plant closed rapidly when “first-look” visitation dropped off and when it was apparent that admissions were stabilizing at far too low a level. A retrofit into a nightclub format oriented toward adult evening visitation also failed. A third attempt at a contemporary UEC with an improved concept is struggling to find satisfactory financing.

Lessons Learned

One could conclude from these failures that in each case the main mistake was using a theme park manager to operate a hybrid entertainment concept that is clearly not a theme park. More important lessons have to do with understanding markets, carefully analyzing financial feasibility, using proven products and technology even in innovative themed concepts, and ensuring that the project

benefits from experienced management with corporate staying power.

In Flint, the project was poorly conceived and too big for its market, with a difficult site and location. In Baltimore, a great site and a proven market were not enough to support an overpriced product that failed to deliver entertainment value and to generate repeat visits. Both projects demonstrated the need for flexible and experienced management and a well-funded corporate commitment to proven entertainment products.

The Future

While successful UECs, such as those profiled earlier, have emerged in recent years, the ultimate UEC remains to be developed. It will embody the entertainment characteristics contained in these examples but also will appeal to a broader market encompassing differences in age, economic status, and interests. Entertainment options will range from sports activities to drama, art shows to gaming, movies to science shows, virtual reality to bumper cars. There will be a spectrum of food and beverage choices, as well as musical offerings catering to every taste. Shopping opportunities will abound, as will access to other local attractions.

UECs are planned throughout the United States, and some will undoubtedly reach this pinnacle of development and concurrent positions as drivers of urban vitality. Others will be smaller, specialty complexes with more limited objectives. Several forces also are coalescing to drive the development of UECs:

- Urban business and political leaders see UECs as a means of refocusing attention on downtown retail and cultural opportunities. Many feel that one-of-a-kind facilities in a metropolitan area should be located downtown, as the old central business district evolves from a business and financial center to a

cultural/entertainment center.

- Entertainment companies view UECs as an effective tool for penetrating new and concentrated markets. As entertainment products increase in number and require clustering with other attractions to achieve profitable attendance levels, a UEC can be the best location for a new entertainment venue.
- Decentralized populations demand entertainment facilities that are beyond the financial scope of their own suburban communities. A single, centrally located UEC may be the only way to serve geographically dispersed populations.
- As focuses for regional markets, UECs can be profitable for developers, cities, and the mix of diversified companies that likely would constitute a fully extended facility. UECs also can stimulate downtown revitalization.

In any given locality, it is likely that several entertainment companies and high-profile retailers will unite to produce the multitiered financing and development expertise necessary for an economically heterogeneous enterprise. Public sector financing will be eased by the fiscal strength of the principals and by the potential for economic dividends that urban centers stand to reap. A company like Disney, MGM, or Universal, for example, coupled with a high-tech entertainment company like Sega, IMAX, or Iwerks and acting with public sector support, can result in a formidable economic and creative force. This force can produce an entertainment hub of sufficient depth and breadth to assure success.

Strategic partnerships, such as the authors suggest will be necessary, will be difficult to achieve. As successful UECs are developed, however, the opportunity will arise for “franchis-

ing” the final result of the extensive infrastructure development, capital expenditure, creative process, and hard-won partnership. This approach will allow proven UEC models in larger markets to be adapted to smaller markets and used as downtown redevelopment catalysts.

Penetration of new markets with a proven, formulaic mix of entertainment, recreation, and retail can maximize the profit potential for developers and corporate participants. At the same time, it can create a highly efficient and powerful attraction hub for urban centers and their collective agenda of revitalization. **DM**

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