

# Fun business picking up pace

The fun business has picked up pace in the recent past. During the first half of 2019, the leisure and entertainment business has seen a year-on-year revenue growth ranging from 5-7% across the GCC. Prakash Vivekanand, managing director of Amusement Services International (ASI)<sup>1</sup>, shares his views with Rupkatha Bhowmick.

“Share-ability is becoming a key feature in amusement facilities, as guests are keen to share their performance with friends.”

“The highest growth has been seen in the UAE, specifically in the case of FECs, followed by Saudi Arabia. Kuwait might be slightly flat on a year-on-year basis. Bahrain, on the other hand, has been up slightly. Guests are coming back and being more indulgent in their leisure and entertainment spend,” he observes.

But run of the mill FECs will not work. “The facilities will have to be built keeping in mind the changing tastes of the demographics,” Vivekanand cautions. “Especially in the digital age, motivations behind visiting a retail development have to be clearly understood. And leisure offerings have to be built bearing consumer interest in mind.”

The uniqueness of offering is key, especially at a time when consumers have become price sensitive. “Dominant sectors influencing salaries and spend in this region are real estate, oil & gas and banking. When these sectors get negatively impacted, retail also gets affected. But

such phases are temporary. Even during such phases, people still need leisure and entertainment. The leisure and entertainment operators, on the other hand, must survive and sustain. To do so, they are offering maximum value to guests through more play time against less capita spend,” Vivekanand explains.

In a region dotted with FECs, creating a point of difference is pivotal. In this context, Vivekanand says, “The market is going through a period of consolidation. Shopping malls need retail anchors, with leisure and entertainment playing a far more defining role now than before. Be it an FEC or cinema, leisure and entertainment contributes significantly to the mall’s footfall. Even F&B plays a big role. But creating that point of difference is a difficult job. Having that said, there will always be certain uniqueness in every development – be it ambience, rides, interaction and so on. Ski Dubai, for example, is unique to Mall of the Emirates. Going forward,



Prakash Vivekanand

Meydan Mall will come up with a different snow park with a unique snow play area, thereby enhancing the existing leisure and entertainment offerings. It will increase the dwell time of visitors. While there will be certain unique features in each FEC or theme park, there are bound to be similarities in some popular rides.”

“From the UAE perspective, new developments like Meydan Mall with a significant leisure and entertainment offer are quite interesting,” he continues. “With some significant announcements in Saudi Arabia, the leisure and entertainment landscape in the Kingdom is getting more and more exciting. Boasting a huge population base, Saudi

Arabia can absorb new and unique leisure offerings. Be it large format indoor entertainment centres, theme parks, water parks, cinemas and more. The next three-four years will be fascinating as these new projects come on stream.”

“Causing a short-term shift, the recent opening of the cinemas in Saudi Arabia had diverted some consumer spend away from the FECs. But that business has come back in the past two-three months as leisure and amusement operations in the Kingdom recorded growth in revenues,” Vivekanand elaborated.

What the ‘tomorrow of entertainment’ will look like seems quite interesting. Is it one thing – like virtual reality (VR) or augmented reality (AR), rollercoasters or arcade – that will drive the success of the leisure and entertainment industry?

“It will probably be a combination of things,” Vivekanand responds. “Pure forms of entertainment, like a ride on a rollercoaster, will always have an appeal. In an FEC set-up, the bumper car is fascinating. What’s new is innovation through projection on the bumper car floor, making it more interactive while integrating the reward system within the bumper car ride. Share-ability is becoming a key feature in amusement facilities as guests are keen to share their performance with friends. It helps to bring more and more people in the arcade again as no one wants to be left behind. Artificial intelligence (AI) is used more widely in the gaming side of the business.” ■



Dubai Park & Resorts



Magic Planet

## Theme parks vs FECs

### Are indoor theme parks heating competition for FECs?

A theme park, even if it’s indoor, is much different from an FEC. The dynamics of the two formats are different. Whether it is Disney’s world-class, premium Star Wars attraction or Universal Studios’ Harry Potter attraction, it will probably be similarly successful. Much of that success will come from the worldwide fan following of these global franchises. The scale and magnanimity of such attraction suit the theme park format. But for such a facility to be successful, a steady flow of visitors – to the tune of at least 2-3 million new visitors – is imperative, every year.

In 2017-18, the Walt Disney attractions registered a 5% increase in visitor number. Around 157 million visitors went through all the Disney attractions. When such figures are recorded, they can consider millions of dollars in investments in the projects, with returns assured within a reasonable time. This region isn’t seeing that many new visitors coming in every year, yet. Eventually, however, the numbers will increase.

The dynamics of an FEC is different. While the FECs located in shopping malls draw tourists, the predominant audience for these FECs is residents. Of course, tourists also visit these FECs. While the resident population might still visit an FEC at least 12 times in a year, the chances of that happening in case of a theme park are slim.

### Are the annual membership packages of theme parks eating into the pie of FECs?

An average visit to a theme park lasts for around six-seven hours, which is different from the two-three hours spent in an FEC. The resident population in the region have enough choice of FECs to visit every week. A theme park’s operations, positioning and annual membership programmes are very different from FECs. A yearly membership programme could prove to be far more successful for an FEC set-up, as the guests can evaluate the value against the number of visits.

The value, in that sense, emanating from a theme park is quite different. In a theme park set-up, value comes from the number of attractions to be covered in a single visit, riding a spectacular rollercoaster and so on. But it will still not be 12 times a year kind of a draw. Besides, handling the summer months is challenging for theme parks, even though during the cooler months, the attendance is quite positive.

### What is the future of theme parks in the region versus FECs?

As the tourist numbers swell, the theme parks will be in good stead. The likes of Dubai Parks & Resorts have seen an increase in visitor numbers, which is a good sign. The theme parks in this region are very young and need an incubation time of at least five years. They have not been designed to cater to the resident markets only. They have been designed to attract tourists as well. FECs, on the other hand, have their appeal and will continue to perform well based on their point of differentiation, the value offered and loyalty built.

<sup>1</sup> ASI is one of the leading players in the MENA leisure and entertainment business offering varied solutions, including design, supply and operations.