

## Is Bigger Better?

by Dianne Powell

There are no crystal balls in the offices of the Ice Skating Institute. We determine the state of our industry by reading nationwide newspaper articles and other industry publications and by talking to industry representatives on a daily basis. If you're a regular reader of the EDGE and "CrossCuts," you're probably aware of extraordinary changes in our industry.

Unprecedented industry growth, the emergence of large family entertainment center/ice rinks, mammoth arenas being built with multi-million dollar price tags, and the failures of some facilities have caught the attention of the public and the media and have raised numerous questions. Hockey and figure skating parents scream for more ice in some areas while rink owners fear market saturation in others. What are the issues facing the ice skating industry? Are more rinks, bigger rinks, all-inclusive arenas the trend of the future?

Some of ISI's people have been observing industry trends and changes for over 40 years. This wealth of industry knowledge makes ISI a noted resource for its members and the press. ISI staff members receive frequent inquiries from reporters on the state of the ice skating industry. In the interest of providing responses to some of these questions, questions were posed to executives in the ice skating business. One of the questions asked was: Are the mammoth new family entertainment centers the ice rinks of the future?

For this article, the EDGE interviewed Bill Reitzig, Senior Vice President of Family Golf Centers, Inc.; Randy Locey, General Manager of the Dr Pepper StarCenter Division of the Dallas Stars; Andy Deyo, Vice President of The Chiller in Columbus and Dublin, Ohio; Brad Berman, Chief Operating Officer, Polar Ice Entertainment; and Jack Vivian, PhD, President of JRV Management Inc.

Family Golf, owner of Sports Plus at New Roc, the rink on the cover of this issue of the EDGE, owns, operates, manages or has under construction 121 golf centers. In 1997, the company diversified its operations to include indoor ice and family entertainment centers.

"We have four super centers: New Rochelle, Long Island, Denver and Cincinnati," says Reitzig. "We have one planned in Woodbridge, New Jersey. We'd love to put one a year together.... We've had some financial headaches. Our growth is temporarily on hold."

How Do Super Centers Impact Smaller Arenas?

"Competition is good for any industry," says Reitzig.

"Initially it will have an impact just like any other competition would. I would look at it like any other competition that came in down the road," says Deyo.

"I'd like to believe that any new ice properly managed is good for all facilities," says Berman. "If we're building facilities in the right locations, everybody will win because the goal has to be to create more new skaters and create them as long-term customers."

"The super centers are going to have very little impact on smaller arenas because their main focus is not ice and ice programming," says Vivian. "Their focus is on family entertainment through the rides, games, and food service business."

"Numerous NHL teams are doing comparable things to what we are doing in tying the NHL team

and municipal rinks together,” says Locey. “I think that’s going to have a big impact on the little guy out there, the small mom and pop type rinks.”

The Dallas Stars and their 1999 Stanley Cup victory have contributed to the ice fervor that is sweeping parts of the country where ice sports were formerly an anomaly. “We’re trying to perimeter ourselves around the Dallas-Fort Worth area,” says Locey. “We think we can draw from within and pull from the outlying areas also. We’re looking at building six or seven new facilities over the next couple of years.”

The prototype 95,000-square-foot Dr Pepper StarCenter houses two sheets of ice, oversized locker rooms, a large viewing area, meeting rooms and a sports bar. Some of their planned rinks will have only one sheet of ice but most are planned for two. The focus is on all aspects of ice sports and ice skating. The Stars are also considering taking their rink concept to San Antonio and the Austin area.

“We will continue to build our hockey programs as well as the figure skating, private lessons, learn to skate programs, broomball leagues,” says Locey. “With the additional ice available in the Metroplex, we’ll be able to expand the amount of public skating that we can offer.”

With 18 sheets of ice in existence and nine more planned, is the Dallas-Fort Worth area reaching the saturation point for ice rinks? For answers to that question, see “Another Texas Gusher?” on page ....

### What Are the Problems Facing Ice Arenas?

Locey admits one of the problems facing ice arenas today is “the influx in numbers of rinks coming to town.”

Deyo points out that the problems facing the super centers are financial. “The debt service is huge. With super centers, as the number of offerings increases, the debt service increases as well. Your gross revenues have to be incredibly high to make them go.”

“The biggest problem any of us will have will be if we don’t have a mindset of creating new skaters and dedicating ourselves to doing everything we can to have the best people on site to provide service to the customers, not just frozen water,” says Berman.

Reitzig cites the rising costs of labor and rising utility costs as industry problems. “Security and liability are also a concern,” he says, “but at this point the opportunities outweigh the concerns – opportunities to provide good family entertainment fun, to grow a business, to profit from that business and to serve a community.”

Vivian says super centers have the advantage of their attraction for kids. “Their disadvantages are the need for constant changing of the rides and games.”

### What Does It Take to Make a Family Entertainment Center Successful?

To maintain their high entertainment level, to keep the mix fresh and exciting, Family Golf changes major components in its facilities on a regular basis. “We constantly try to change the rides and high tech attractions in the facility to keep it fresh and to keep people coming back,” says Reitzig.

For a family entertainment super center to be successful, Reitzig says you “need first of all a good concept for the market area, the right mix of attractions, diversified uses within the building, a good location, a good management team, and good customer service.”

According to Reitzig, a family entertainment center requires “somewhere north of 30,000 more square feet than a typical rink. With the prototypical family entertainment center with an ice rink, we’re looking to gross in excess of \$5 million a year, depending on the size of the project. More than 50 percent of the revenue comes from the entertainment components.”

Vivian says that family entertainment centers can add an additional 100,000 square feet to a typical ice arena and that most take in three or four times more in entertainment revenues than from the ice. “The revenues of family entertainment center facilities are nearly triple that of an ice arena facility because of the pricing and the use of games, rides and public skating. The ice arena portion of a family entertainment center is only another attraction, not a programming center,” says Vivian.

Vivian says that a minimum population level of 250,000 is needed for a super center, as opposed to 100,000 for a typical ice arena. In selecting its locations, Family Golf looks for 400,000 people within a six-mile radius.

“The management of a family entertainment center requires a higher degree of knowledge of rides, games, group sales, corporate and community marketing and food service operations than the typical ice arena operation,” says Vivian. “Ice arena managers focus on programming and public skating marketing. Family entertainment center managers focus on getting groups through the doors for the attractions. The ice is only one of the attractions; the ice programming is secondary to public skating. The entertainment aspects are distractions to the hockey or skating purists.”

**What Does the Development of Super Centers Mean for the Ice Skating Industry?**

“It means greater exposure to more masses of people,” says Reitzig. “They’re facilities that are more diversified, so they’re attracting more people.”

“It can be a positive in that they’re including ice skating venues in them,” says Deyo. “From a developmental standpoint, it makes sense to have these centers. It certainly increases your profit centers under one roof.”

“I do not see them becoming anything but a small segment of the ice arena industry,” says Vivian.

“I think there’s a fine line that you must be balancing upon, because we have a very unique industry in ice skating. If you cross over that line and do not cater to the multi-faceted, special and specific needs of all the ice skating customers, I believe you can fail miserably,” says Berman.

“It’s not just a matter of freezing water and saying there it is, go use it. It’s a matter of having the focus on servicing the customers through the on-ice programs. Everything else is ancillary. If we do a great job of servicing the customers on ice, we’ll make more money through our retail store, through our food, and through our games,” says Berman. “At Polar Ice, we don’t take the approach that I think others are taking, which is that the ice is secondary and the games and food and rides are primary. I think with the investment that you make to create the ice, that’s a recipe for failure.”

“Our approach is to go into the marketplace, have the programs, have the on-ice be the focus, generate and create as many new customers as possible. That should increase the amount of people in the market versus just moving people around,” states Berman.

Reitzig says Family Golf centers are attracting entire families with entertainment for the youngest to the oldest. “We offer soft play, tunnels, tubes and kiddy rides for the youngest all the way to people over 100 years old bowling in one of our centers. We bring in groups, corporations, large numbers of birthday parties. In one of our facilities we do in excess of 225 birthday parties per week. We have everything from ice skating to bowling to event centers where we’re doing concerts, awards banquets, wrestling, cheerleading events, basketball. On the grounds of one facility we bring in a carnival for a week. We’ve done circuses and petting zoos, in addition to the normal family entertainment components of laser tag, soft play, rides, motion theaters, and motion simulation devices, along with food and beverages.”

**What Can Managers of Smaller Facilities Learn from Large Family Entertainment Centers?**

“Give the customers what they want,” says Reitzig.

“You have to have consistency in your programs, and you have to build your programs with your nucleus of learn to skate programs,” says Locey. “If you build that base, your hockey programs will grow and your figure skating programs will grow.”

“ISI has a great recreational program, a great program to get people started,” says Berman.

“Make sure that whatever product is offered is the finest product you can offer. Make sure you’re the best at what you do, and as you branch out, think outside the box,” says Deyo. “Try to put in offerings that fit you and your operation and that you’re familiar with. Your base product has to be a good one, but don’t be afraid to offer some things that are related, that might help your customers. I see the rinks of the future putting in business centers so moms and dads can do faxing of their work. They can put their data ports in and work off their laptops while their sons and daughters are on the ice. I wouldn’t call it a profit center, more of a service.”

Are Family Entertainment Venues the Ice Rinks of the Future?

“I think so. I think we’re still going to have the small barns around, but you have to meet the needs of your clientele. I think that’s where it’s heading,” says Locey.

“I do not think super centers are the ice arenas of the future. They’re another small sub-set of the ice arena industry similar to mall arenas, outdoor venues and park settings,” says Vivian.

“The only way to get a good return on your investment today is to have different sources of revenue which includes more than just ice skating,” says Reitzig.

“Our company’s vision is to build facilities in retail corridors that are accessible and comfortable for people to get to, to design and build facilities that are going to have appeal for the next 10, 15, 20 years. We call that time-honored design,” says Berman, who also cites the importance of staff and good customer service. “Our most important asset is our people who are dealing with the customers on a day-in and day-out basis and are making sure we stay ahead of the curve as far as coming up with new innovative programs, new things to do with our customers. We have to make it an entire family experience, not just one person who participates on ice.”

Deyo says, “History says they (family entertainment centers) are not the wave of the future, but who knows, maybe somebody has found a way to build a better mousetrap. The more people who are exposed to what ice skating has to offer the better.”

Clearly the voices representing our industry are as divergent as our expanding market. ISI will continue to track industry changes, innovations and trends and to serve as the ice skating industry’s chief advocate and number one source of leadership, education and services.