

Eyes on the prize

Whether confectionery, plush toys, iPods or tablet computers, prizes provide a key incentive for players to choose to try their hand at a game

By Simon Liddle

WINNING prizes has long been part of the amusement experience and, with the growth in redemption, has become an integral part of an operator's offer. Interestingly, the merchandising and prize sector, perhaps in the past famed for plush items and the like, has now emerged as one of the most cutting-edge and sophisticated areas of the industry thanks to the array of electronic items that are now available as prize incentives. In introducing these, companies have refreshed many traditional amusement games, broadening their appeal and – dare I say it – bringing the sector into the 21st century.

Yet building a suitable prize offer is more complicated than simply placing the most expensive items you can in a machine or behind the redemption counter. It is a balancing act between the perceived value of a prize and the actual chance of winning. Nor can operators neglect their prize stock or fill their machines with prizes that are easy to win but people believe are not worth the effort. Ultimately, it's about introducing a certain retail aspect to an operation and requires much of the same attention and expertise.

"Expectations are changing all the time in the retail and leisure sector – the range of goods held, pricing, competitiveness – we are all competing with the online industries as well," said Ian Eason of Instance Automatics. "Redemption counters and direct vend amusement machines have become the lifeblood of the arcades, along with pushers and cranes, and the players love the idea of instant prizes."

Eason's company supplies a broad range of niche products, from bouncy balls and small sweets, to licensed products such as Moshi Monsters, Smurfs and Angry Birds.



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Steve Haslam of UKIC

"The thing that arcade and entertainment centres should make the most of is the visual aspect of 'selling'," he added.

Today's consumers are seeking "good quality product with perceived value," said Steve Haslam of UKIC, whose company's Cuddles Time plush range is proving popular. Operators now have to be "retail buyers" and therefore offer merchandise that appeals

to consumers. "Presentation and merchandising is the first thing the customer notices, so the better the 'flash' the better the business. We spend lots of time on our packaging as it proves to be of large benefit to the selling of the product."

One man who knows the sector well is James Anderson of Namco Prize Europe. His company offers a range of plush items and electronic devices within its catalogue of prizes.

"It is hugely important to create a retail element, it is what customers are beginning to expect," he said. "Whether it is a redemption counter or prize vending machines or cranes, the display of prizes should be equal to what you find in shops – as should the quality of the prizes."

In recent years, he said, some operators have been extremely successful in achieving this goal, thanks in part to the improved quality of the prizes on offer.

Others, it seems, have not. Francois Lachance of Adrenaline Amusements – a company that is generating a great deal of interest with its new Black Out prize merchandiser – said operators have had varying degrees of success in this area.

"When it comes to prize merchandisers, the number one criteria is the prize," he said. "You need to have the right merchandiser and the right prize for that location. Operators need to think as a retailer but it is hard without that ability or knowledge to judge what will work. Some are doing very well, but it's a mixed picture. Those that do it the best will earn well."

Black Out is a machine that blends video gaming with prize vending thanks to its transparent monitor. It presents prizes in a unique way and taps into that idea of presenting product in a new and exciting way.

"Over the last 10-20 years, retail has been all about the presentation of product; a nice product in a nice environment. We need to transfer the concept of the 'buying experience' to gaming locations."

The warning from Eason to those failing to employ retail techniques is pretty bleak. "It's not that the industry has been complacent about selling itself in this way," he said, "it is just quite a radical change, but operators will respond and those that do not will most probably not be in business much longer."

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Trevor Clarke, Sega Prize

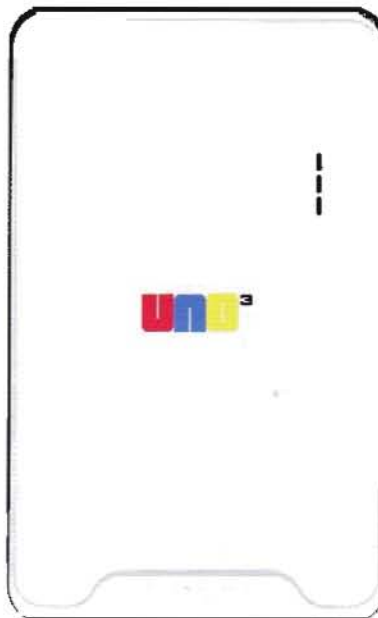
Prizes are undoubtedly evolving to meet changing customer tastes and the demand for increasingly sophisticated products, although not necessarily gadgets, has been a significant trend in recent times. Trevor Clarke of Sega Prize explained that the presentation of prizes is key.

"I think it is important to introduce a retail element to maximise your income," he said. "We can take a lot of cues from the retail about how they attract the customer and convince them to part with their money. In the current climate consumers have less disposable income so it becomes more of a considered purchase. They may think twice before putting their money in the machine."

Prize items now need to have a retail feel and look desirable in order to do this, he added.

"I think the industry has to look at the best shops in the high street and take some inspiration from how they set out their windows. Of course, the retail sector has been doing this for hundreds of years but as the redemption market grows, the operators will follow suit and take this type of presentation on board," said Eason.

How prizes are presented is now more important than ever, according to Steve Beverley of PMS International, who said that customer expectations are now higher than in previous years.



"Consumers expect quality product and they expect it to be displayed well," he said. "Packaging and presentation are half the battle. They don't want to see half empty wall displays or product piled up on top of each other."

"What can the industry learn from the retail sector? Good retailers are constantly changing things around and tweaking their layout to keep improving and refreshing. They also dress their displays well and use signage to highlight important product ranges or promotional offers."

Plush items continue to be staple amusement prizes and, said Clarke, this still remains the main category for his company. "Every operator has a crane containing plush."

According to Anderson, plush remains an important element due to the sheer number of cranes in the marketplace. "We are now seeing more and more operators use our plush products in redemption as well due to the high retail quality of the pieces," he said, adding that an increasing number of operators are realising that the success of their redemption machines lies in the quality of the merchandise on their redemption counter. Namco has added to its plush portfolio to include Pac-Man and Timmy Time and will be announcing additional high-profile licences this year.

"There will always be a place for plush and licensed toys in particular are an incredible attraction for the smaller player. Children are very brand-aware from an early age due to television and other media marketing and they are extremely loyal to the characters they know."

Presentation and licence recognition are "incredibly important" to the operator as this encourages play, said Eason. "Whatever is in fashion, the children will collect. But be aware – the quality of the items must be good also."

Among the new plush items being launched by PMS is Space Invaders, which Beverley suggested will have a "wide appeal."

"I can't see traditional plush going away," he said. "Licensing and branding is more important than ever and plush represents a good value, tactile prize that can last a lifetime. New fads will come and some will last longer than others but value is still at the heart of the amusement industry."

Although stating that traditional plush items are "great," Lachance claimed that it ought to form part of a broader portfolio of prizes. "You need licensed, good quality product."

Following market trends is vital in order to ensure consumers have an opportunity to win prizes that they truly want. Licensed plush items have been viewed as a sure-fire way of achieving that in the past. However, as Clarke stated, this does not guarantee success and so generic items can be equally as potent.

"We follow market trends, taking cues from magazines and TV," he said. "When we produce our own IP items they should have the familiarity but not the licence cost."

Sega itself is often treated as a major brand, and so even operators that stipulate that they boast only licensed product also choose the "trusted" Sega brand. Sonic, for example, is one of the most recognisable characters in popular culture and so the company offers a plush collection based on the popular blue hedgehog.

INCREDIBLE EARNINGS!



Plush, said Eason, will always be the "bread and butter" of redemption and bulk vend prizes. "At the end of the day, plush is still working well but we do all have to think outside the box. As technology moves on at speed I am sure that prizes will have to step up to the mark also, but these will be the big prizes to aim for, not the general bulk end of the market."

Such items are synonymous with seaside arcades, said Haslam.

"Plush items are part of the heritage of the seaside and hopefully it will always be that way. It's still good to see a 3ft collic dog or tiger being carried down the seafront and everyone commenting as they pass with a smile on their face."

In recent years, however, electronic devices have become an increasingly significant part of the prize mix and continue to grow in importance, with such items very much in demand among consumers.

Sega has experienced a great deal of success with its Tokio range of electronics, which includes an Android-based techbook, tablet and now a smartphone. These, said Clarke, have worked particularly well when paired with the company's Keymaster prize machine. They are designed to be of a premium retail standard, yet their value does not exceed the £50 limit for prizes placed in machines in the UK.

"Because of what we're actually doing with packaging and with the branding strap lines, for example, these items have a real consumer feel, rather than simply offering a generic device that everyone knows is a cheaper item. I don't believe customers realise that there is a prize limit - what they say is a prize that is desirable."

Lachance of Adrenaline suggested that the industry ought to go down the electronics route.

"It's a sure bet," he said. "Kids will want tablets so it is easy to see how they will attract players to games."

Tablet computers are a 'must have' for most consumers at this time, therefore to be able to offer them into the market at competitive prices is a great attraction to the players and drives higher income on machines. Plush is great for small children and couples, but electronics span all ages and are items that make the player return time and again

James Anderson, Namco Prize Europe

Namco was among the first to use electronics as prizes, with its Kyoto range of netbook computers, tablets and HD video cameras. Now re-branded as Nam-Gear, the range is an integral part of the company's prize offering.

"Electronics are crucial - they extend the attraction of machines to encompass all age groups," said Anderson. "Tablet computers are a 'must have' for most consumers at this time, therefore to be able to offer them into the market at competitive prices is a great attraction to the players and drives higher income on machines. Plush is great for small children and couples, but electronics span all ages and are items that make the player return time and again."

Eason believes that this increasing trend for electronic devices to be used as prizes has a lot to do with the fact that the cost of these types of items has dropped, making them much more affordable.

"I think that electronics will become a major draw and that the operators should utilise products that are expensive to buy, at the top end of the market - this would definitely entice newer players."

PMS International is launching a new Android-based tablet this year and the company's Beverley believes this will help the company capture this new audience. "In many respects, the iPhone and iPad have changed the way we live, particularly the younger generations. The age at which kids are using smartphones and tablets is getting younger and younger but the big brands are still very expensive so there is definitely a place for electronic merchandise and accessories in this sector"

In some markets, of course, there isn't a limit on prize values and so operators are free to place high-end electronics such as iPads in machines. However, this can be a double-edged sword. Consumers are savvy enough to realise that the higher the value of an item, the less likely they are to win it.

Lower priced items can boost sales by being achievable. Should there be limits?

"It's a tough question," said Anderson. "Higher value prizes are a draw to players, however, it tends to mean they are not won as often as lower value goods, which can over time mean players are put off playing machines when they see the same prizes all the time."

Variety is key and offering prizes at a number of price points, or supplying sophisticated products that are competitively priced, can ensure that machines pay out more and customers are generally more satisfied.

"To benefit fully, operators must have a range of prize products," said Clarke. "Many are realising that they can earn significant income if the prizes are cheaper."

"It's a fine balance."

Beverley believes, however, that there should only be restrictions on machines aimed at children.

"The adult consumer is smart enough to recognise that the value of the prize relates directly to their chances of winning."

UKIC's Haslam agreed: "There shouldn't be restrictions, just a large variety of value so the customer can decide on the prize. For instance, we offer a 7ft tiger product that some operators use as 'flash' but can actually be won."

Lachance, meanwhile, remarked that the restrictions on prize values should instead relate to the percentage payout of a machine, although he said any prize above \$1,000 "makes no sense."

Prizes are an important feature within amusements and, with the growth of redemption and the availability of cost-effective yet desirable technologies, this looks set to continue. Interestingly, however, despite rising product values, plush items are sure to be a crucial ingredient within the mix, proving that cost isn't necessarily the same as value.

