

# REDEEMING FEATURES



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Ticket redemption has been a shot in the arm for the international amusement business, offsetting ailing video game revenues and creating new ways of targeting a wider, more family-orientated demographic, writes *Simon Liddle*

**I**TS popularity, or at least its presence, varies between territories but in those that ticket redemption has taken hold, it has transformed the amusement experience. The big question now is whether it can continue to be a relevant entertainment option in the face of increasing pressure from home consoles and mobile gaming. As one manufacturer put it, coming up with a fresh new angle on redemption gameplay is “very hard.”

At a time when the amusement industry seemed to be losing the battle against increasingly sophisticated home console games, ticket redemption came along and transformed



the business. It is without doubt the fastest growing form of amusements thanks to both the resources manufacturers are pumping into the design and development of new equipment and the amount of floor space operators are willing to give to these machines.

“It wasn’t long ago where game rooms were 70 per cent video and 30 per cent redemption, today that mix is reversed,” said Anthony Maniscalco of Benchmark, a leading force within the redemption field. “Players want something that they cannot play at home. In addition, they also want something - tickets - as a reward for playing or achieving a high score. Traditional video games do not offer that.”

Today, chains such as Chuck E. Cheese’s and Dave and Buster’s in the US – two of the largest businesses in the entertainment industry – utilise the redemption concept to great effect, attracting both families and adults. Chuck E. Cheese’s amusement games generated sales of over \$400m in 2013, for example.

Joe Coppola of Innovative Concepts in Entertainment, or ICE, estimated that redemption games can be found in more than 75 countries today. His company was responsible for some of the industry’s biggest titles, such as Cyclone, which can be found in 6,000 locations worldwide, Deal or No Deal and the new game, Down The Clown.

“The redemption concept has been evolving and growing due to the tremendous amount of entertainment that it provides for families,” he said. “For the last 10 years the redemption concept has been trending upwards as family entertainment centres and arcades continue to be developed and opened in new facilities

around the globe. The concept of redemption is simple yet very effective and provides players of all ages with fun and entertainment that can last for hours.”

Tom Kane of Coastal Amusements, which has been developing and manufacturing redemption equipment for several decades and has found success with Simpsons Soccer, Temple Mania and Batman, said that the “constant” in redemption design has been providing entertainment value for the player.

“Past products have laid the foundation for more recent developments,” he said. “The fundamentals of strong visual and audio stimulation, along with the entertainment value, continue to be the cornerstones of any successful product.”

There are naturally some markets that are more mature than others and growth is therefore not necessarily as great, yet as more locations either convert to ticket redemption or are opening with redemption from the beginning, there are still opportunities to be had.

“The growth has surely plateaued,” said Kiran Karanki of systems specialist Semnox, “and it is not growing at the same rate as it was before. But the developing markets are seeing a huge upswing in opening arcade centres with ticket redemption options.”

In territories where ticket redemption is relatively new, it is driving consumers into the arcades and FECs. In more mature markets, it can be taxing to continue coming up with new games that challenge players and give them a reason to keep coming back.

Sega – one of the industry’s best known developers of video games – entered the

redemption field around five years ago and, alongside ICE, has been at the forefront of design ever since. Its latest offering is the Plants vs. Zombies video redemption title.

"Redemption is a hard one to keep inventing and finding new ideas," said the company's Justin Burke. "It's hard not to involve a wheel or a ball or a target and not replicate a game that has been developed in the past. But there are still games that make you think 'I never thought of that' or 'I've never seen that before.' It does still happen but it is very hard. The majority of games are some variation of those things but occasionally some games come along that have been done very well."

Bandai Namco has also developed an extensive range of successful redemption titles and the company's John Brennan claimed that in terms of design, there is still a great deal of originality in this genre.

"Titles like Crazy Typhoon, Goal Line Rush and Triple Turn along with new games about to be released have pushed the envelope in innovation," he said.

"It is very hard to design a game that looks simple and enticing but provides the player with enough challenge in order to make it interesting to play again and again. Triple Turn is extremely complex and yet very easy to understand. The aim is to launch the ball into one of three colour-specific tubes, which will direct it into a colour-matched rotating gear. The first gear has lower value tickets, the second medium value and the final gear has higher value tickets as well as the jackpot."

A common theme among ticket redemption games is player skill, whereby the outcome of the game is largely determined by the player. Often this takes the form of throwing a ball, pulling a lever, stopping a wheel, etc. In recent years, however, the number of touchscreen games, which call for players to swipe their fingers across a large screen, has increased significantly. With mobile apps finding their way onto the arcade floor, it seemed these new technologies would supersede the mechanical redemption titles that have become so familiar.

"Certainly players are shifting towards touchscreen games, purely as it is a technology that is readily available and can be incorporated easily for redemption games," said Steven Tan of Chinese games manufacturer UNIS. "UNIS started off with bowling games with sensors that have a video screen; FunFair Bash uses ball throwing with a touchscreen monitor. However, we still find that the mechanical type games are still very attractive, especially to the kiddie market."

Reports of the decline of mechanical games, however, look to have been greatly exaggerated...

"Probably two years ago I would have said yes, touchscreens and big screens are the direction it is heading, but this year's cream of the crop – ICE's Down the Clown and Whack N Win – are the complete opposite," said Burke. "The touchscreen-style of play of two years ago is certainly not as prevalent in the big titles this year."

"That old-fashioned style of mechanical games almost throws all that new technology out of the window."

"Mechanical games are something that cannot be repeated in the home," said LAI's Steve Bryant. "Although technology is clearly going to

play an important part, it's not the be all and end all. Sometimes the most simple mechanical games are the most attractive to the player. It is almost like a true reflection of their input that they are rewarded with."

The mechanical redemption experience is about gaining "real-world feedback," said his colleague, Marshall Ashdown. LAI recently launched Piñata, where players bash a real drum to try and break the piñata in the on-screen world. "With touchscreen games, you don't get the tactile feel that you do with a mechanical game," Ashdown said. "Successful games are about appealing to as many senses as possible."

Bandai Namco's Brennan agreed that mechanical redemption has a lot to offer still. "While new technology should, and is embraced warmly, we do not believe that mechanical

redemption is giving way to other types of experience in redemption," he said. "Players implicitly trust mechanical games, such as Goal Line Rush where a playfield rotates and they must push a button to propel a footballer to knock American-style footballs off in order to win. They can see that it is possible to achieve - a game of skill that would be impossible to fix."

Said Tom Kane: "As technological advances become more cost effective, the capabilities have driven the development of new product types. The fact remains, mechanical is one of the more successful redemption categories. It has and will continue to be a major focus of the redemption market."

"Recent times have seen the development and expansion of video redemption. I point to this as an example of a relatively new sub-category

## Operator's view: Chuck E. Cheese's

**U**S-based family dining and entertainment company Chuck E. Cheese's expects virtual tickets to become an increasingly larger part of the redemption market in the next 10 years.

"Tickets are now and have always been an intricate part of our company's success," said Les Lehner, senior vice-president of real estate, development and gaming at parent company CEC Entertainment. "They provide children in our locations all over the US, Canada, or any other country where we operate in the world, an amazing sense of independence and empowerment. We view tickets as much more than simply a paper-based product that's used to redeem for merchandise and prizes; tickets provide people with an amazing amount of synergy within our restaurants and are a very critical aspect of not only what we do, but who we are."

Today, the average Chuck E. Cheese's location has approximately 70 per cent of its games and rides in some combination dispensing tickets. The company and its franchisees operate 577 stores, producing and dispensing more than six billion tickets annually. Describing the introduction of TicketMunchers in the early 1990s as a major milestone, Lehner said the machines had an "enormous impact" on the business.

"By facilitating the automated exchange of actual tickets for a piece of paper that states the quantity and value of their total, TicketMunchers cleared up bottlenecks and made the merchandise and prize redemption portion of the Chuck E. Cheese's experience a much more expedient and enjoyable process, he said. "At the same time, the technological innovation still provides children with the experience of counting their tickets and seeing it on a screen – creating enough excitement as if it's another game the child gets to play."

Lehner said the next five to 10 years will be "really, really exciting" for the company and ticket redemption itself.

"We're going to see a lot more internet-based remote redemption that is used as a method of marketing to reach a customer or guest who, even though at a

very young age, has become much more introduced to a media stream that is non-television-oriented. We'll also see multi-site play where a child playing a game in one of our restaurants can potentially challenge somebody all the way across the country, either of them redeeming tickets there or at another location for the play they've experienced in a very remote, multi-site manner."

He continued: "The idea of virtual tickets will also play a much bigger role in the next decade," "Earning tickets on a virtual basis, whether it's on a phone, an app, an internet-constituted website or gameplay that we've introduced as a methodology of reaching or aiding our core audience in learning and development, is where we're looking next."

"What you'll see from Chuck E. Cheese's moving forward will be a much more interactive approach to your modern day child. One of the first pieces of that will be the launch later in the year of a downloadable game app for mobile devices that allows children to earn virtual tickets redeemable for the next time they come in store."

The company is "thrilled" to be at the forefront of development within the sector, he added.



within the redemption market. Will there be further advances into a yet unrecognised redemption platform? I believe so."

Taking advantage of new technologies and incorporating them into the redemption experience is still vital, however, as Steven Wooley of systems specialist Embed remarked: "As technology comes down in price, manufacturers are able to provide even more enjoyable experiences, pushing the guest out of the home to the arcade to play games again to win tickets to take home that new toy. Every year we all see more and more news ideas and products manufacturing is creating. I view this will continue in the future and the guest experience will only improve."

In search of player retention, operators are looking for games that have a unique player interface and offer longer play value, said Maniscalco.

"Being a skill-based game design house, Benchmark games are designed to make the player feel more in control of the outcome of the play experience," he said. "In a video redemption game, players have the perception that there is a computer that is faster, smarter and programmed to be difficult to beat. It is for that reason we are reluctant to enter the field of video-redemption. However, that is not to say that we will not use video in our games to create a more entertaining and better play experience."

The key to all this is offer a choice to players and to find a balance between video and mechanical games, as well as between redemption, video and other categories of machines.

Holly Meidl of Bay Tek Games, the name behind the hugely successful Big Bass Wheel game, said there needs to be a balanced combination of technology and simplistic, mechanical games.

"Ticket redemption games still give consumers something they cannot replicate at home. Some of the most successful games this year are mechanical based games, Down The Clown and Sink it Shootout," she said.

Said ICE's Coppola: "Most families have the tech experience at home, whether it's with a Playstation, iPads, or other devices. We shouldn't try to compete with those products, rather give them an enjoyable, fun, family experience with games that they cannot play at home."

And that, Tan said, should be at the heart of all redemption game design. "Ticket redemption games will continue to evolve, but the key point is to provide entertainment out of home," said Tan. "Providing tickets is the same as providing a prize or reward. I am sure that developers will continue to look to the game console and tablet gaming industry for inspiration in the future."

The move, Ashdown said, will be towards sensory immersion through new technologies. "The industry has to continue to produce games that are pushing the boundaries. We can't fall

behind the mobile, home gaming market. We have to be extremely innovative and continue to come out with great games. If we don't, we die.

"All the manufacturers are looking at new technologies that can add a twist to the games they bring to market. Some of the real, high-end technologies will start to be incorporated into games and certainly trying to have that crossover piece that ties in the online world with the real world is going to be important and people are devoting R&D time to find a solution that caters to that."

Although agreeing that in today's FECs there needs to be a balance between redemption and video, as well as prize vending, Coastal's Kane said this depends on the territory. "The ratio has shifted towards redemption, but is market specific," he said. "The prize dispensing redemption is successful in ticket redemption locations, but, is not essential. Several large US chains have demonstrated this. Prize dispensing units do open new applications in what are considered street locations"

So, if the introduction of technologically-advanced, touchscreen-based redemption titles was something of a false dawn, the question remains... What's next?

"New games are being released every year with more emphasis on video simulation, sports, and prize merchandisers," said Greg Bacorn of Barron Games. "There is a potential change on its way to eliminate actual tickets being given out as prizes after playing a redemption game, calling for a virtual experience and also cost savings to the operator. We believe that that may devalue the experience for children and even adults because everyone loves the feeling of winning hundreds of tickets and physically holding them and showing them off with a big smile."

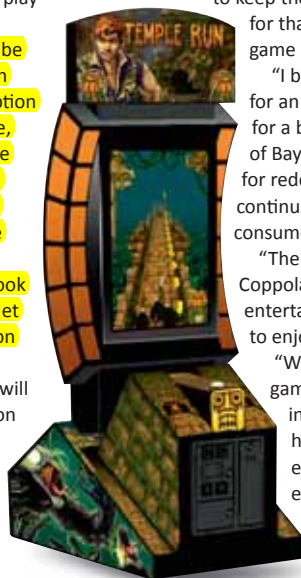
Redemption's appeal to a younger, family market has been central to the concept's success. This trend looks set to continue.

"As the offers from manufacturing and solution providers such as Embed continue to develop," said Wooley, "the arcade experience itself will also develop and adapt to the market needs. Historically the number of changes in the industry would be hard to predict. I do see the continued growth of redemption in the industry as well as the rebirth of video with more guest interactive experiences. We need to keep the guest coming out of the home for that experience they can't get with a game console."

"I believe families will always be looking for an escape, a place to unplug together for a bit and be entertained," said Meidl of Bay Tek. "There should always be room for redemption games if we as an industry continue to evolve and offer what the consumer wants."

"The concept of redemption," added Coppola, "is a growing form of family entertainment for kids and adults alike to enjoy.

"We feel strongly that the redemption game concept, which has only really been in existence for less than 20 years, is here for many years to come and as the entertainment business continues to evolve and change, redemption will be a mainstay and a consistent draw for growing families globally."



## The importance of tickets

**R**EDEMPTION offers all kinds of gameplay, both in mechanical and touchscreen games, but the act of winning and collecting tickets is in itself one of the greatest attractions.

"The sight of a machine pumping out a jackpot of tickets catches a lot of eyes within a redemption area and envy takes over," said Steve Short, sales manager at Brent Electronics. "The whole experience is a form of theatre and, with better machines and enhanced ancillary products, ticket redemption need not be time-consuming to operate and will contribute significantly to the overall income of the arcade."

For Brent Electronics, tickets represent its most in demand product. Operators, realising the role they play, are now "switching on" to the idea that having a good quality ticket is a must for redemption operation.

"Poor quality paper increases the chances of jams and errors in counting which will lead to downtime on machines and ticket eaters," said Short.

Although operating redemption can be labour intensive, combining self-service ticket eaters and stock management systems, such as Embed's Red Pro, he said, can streamline the process.

Unlike prize vending, where players play a single game to win a high-value prize, ticket redemption encourages players to win more and more tickets to redeem them for a top prize.

"The big difference between prize vending and ticket redemption is that the player has a cumulative opportunity to collect tickets and aim for a high value prize," said Marshall Ashdown of LAI. "They play 10-15 different games to collect tickets to get that prize. With prize vending you're playing for that one prize."

There are calls to introduce virtual tickets, but this has prompted concern that the loss of tickets could diminish the appeal of redemption.

"When evaluating ticket redemption equipment," said Les Lehner, senior vice-president of real estate, development and gaming at CEC Entertainment, the parent company of Chuck E. Cheese's, "we have to recognise the role of the ticket and the value that it plays in our model. We've tested card systems in the past and they've had an unbelievably wide array of success. While they're financially incentivising in regards to the number of tickets we produce in any given year, a ticket has much more than a monetary value to a child. It's equal to much more than its simple face value in terms of redemption. Technology can replace the function of the ticket but not the emotion of what the ticket represents to the kid winning it."

A combination of physical tickets and virtual tickets looks likely to be the most sensible direction to take going forward.



# Global round-up:

*InterGame* takes a look at the issues facing the ticket redemption market around the world

## Europe:

**THE European redemption market, despite the impact of the recent economic downturn, is a relatively strong one. There are a number of mature amusement markets at various stages in the process of making the transition to ticket redemption. In many cases, this has helped revitalise the sector and countries in Europe continue to provide opportunities for both operators and equipment suppliers.**

Benchmark's Anthony Maniscalco said: "Europe and the UK still represent growth markets for the company, in some cases this is hit product driven. Our distributor partners across the region continue to find new opportunities and we have realised some 'new' application growth that has real future promise."

There are still countries lagging behind their neighbours, however, while others maintain outright bans on this form of amusements.

"In Europe," said Marshall Ashdown of LAI Games, "some territories have taken it on board, the UK for example, but in others, such as France, it is still an issue. I think the trend will have to really move more towards ticket redemption. There is always an ongoing battle with the gaming side, which is particularly strong in certain territories. That creates a bit of a lag with the uptake of redemption."

His colleague Steve Bryant explained: "Anywhere with a street gaming operation is the last to grasp the concept. The UK has probably taken 10 years and it is still lagging behind the US. There is such a strong gaming culture in the UK; you can go into a coastal FEC and children can play Cat D games."

Even countries in the EU, such as Sweden, do not allow ticket or prize redemption, he said, although there is evidence of a "softening" of this stance in some territories where local authorities are addressing the issue on a case by case basis. In Germany, for example, some local authorities have been willing to green light family redemption locations. This, said Bryant, is "really encouraging" for the industry.

Justin Burke of Sega said the links to gambling are often due to a "lack of understanding" and that his company has worked with those countries that do not allow ticket redemption games to educate and advise them. "Hopefully it will only be a matter of time before they join the redemption revolution," he said.

Aside from the connections made with gambling, one of the other hindrances to the introduction of redemption equipment to several European countries is the strength of traditional carnival operators. Although this power is diminishing as a result of dwindling revenues, it is nonetheless enshrined in often archaic laws that effectively create a monopoly for this group. Noting that there is "clearly demand" for redemption products in the likes of France and Germany, Bryant suggested that the authorities will have to allow redemption "if they are going to have any kind of amusement business."

Arguably the market with the greatest potential in Europe is Russia, where the closure of its casinos prompted major investment in the amusement business instead. Combined with an increase in disposable income, new retail project development and the demand for new and exciting entertainment options, the redemption

business is growing at an unprecedented rate.

Said Bryant: "That play and reward concept captures everyone's imagination and they have a lot of opportunities with a lot of new centres opening up. It's not an evolution; they can learn from other people. This is why at IAAPA you see all of the main guys from all of the main companies from around the world looking at these models and taking away the best bits that they think will work in their own territories."

## The Americas:

**THE US is the strongest redemption market in the world – and it is still growing. That is the assessment of Marshall Ashdown of LAI Games. So it is with little surprise then, that some of the amusement sector's biggest players have been gaining the attention of investors from outside the industry.**

Earlier this year, CEC Entertainment, the company behind the Chuck E. Cheese's chain, was acquired for approximately \$1.3bn by Apollo Global Management and only a few weeks later speculation was rife that Dave & Buster's was also a target for investors. Both have not only taken the concept of ticket redemption on board, but are continuing to push the boundaries of what can be achieved. New cross-platform technologies and the introduction of retail concepts have ensured that they, along with a number of other major operators, are at the forefront of ticket redemption.

In the US, ticket redemption is helping transform bowling centres, movie theatres and coastal arcades into multi-attraction family entertainment centres, while the FEC concept