**Vendors**

Food and chemicals, we highly recommend switching over to a food vendor such as US foods, Cisco or PFG to provide you with your food, chemical supplies and other consumables. Each of these companies can provide you with trash bags, cleaning chemicals. So soda, chips, pretzels, nachos, cheese all of that stuff. You put in a weekly order in shows up on a delivery truck and this will save you a lot of time back and forth go into Sam's and we're good to go ahead and establish that relationship for when you do develop your full kitchen and typically there's a minimum order of 10 cases of products, I don't think we'll have a problem with that, especially if you switch over to all your chemicals, trash bags and items of that nature, paper plates, forks, I don't think we'll have a big problem doing that. And you don't have to order every week, you can order every other week, or whatever makes sense for you for meeting those minimums. The only thing you're not going to be able to order from us foods or Cisco or some of your candy and ship bags and things like that go to have a hard time getting those through US or Cisco. Those companies are very regional. So it may be different in this area, maybe they do supply that but typically in our experience, they do not PFG.

However, sometimes does supply that kind of stuff, so you might want to check with them. The other advantages to switching to companies like that is they're going to give you all of your soap dispensers, paper towel dispensers and things like that for free. Also for your cleaning chemicals they're go to install a dispenser system that automatically measures and pours out the cleaning chemicals for you, which is really going to reduce costs on your cleaning chemicals. So those dispenser systems are quite nice for dispensing your cleaning chemicals and makes it a lot easier. So you'll want to work with them you know, one is not better than the other. It's really all about your local representative and how well they take care of you. We’ve used over the years we've used you as foods, we use Cisco and here recently, we've actually moved back to us foods and ultimately in terms of price and product we never had a big issue with either company. It's always been about the local rep in their ability to take care of issues when there are problems get as free samples. work with us on new product offerings. If something's out of stock and getting it as a replacement, it's all about that relationship with the representative and then helping you out and here recently, Cisco just really wasn't able to meet our needs. So we switched back to US foods. So definitely recommend getting away from building Sam's moving towards food truck using them.

**Redemption Menus**

There are several large redemption vendors out there. Currently you're using redemption plus they are a solid reputable company. We also recommend taking a look at fun Express**.** We use Bunnings Express pretty much exclusively and we have a really good working relationship with them. They're really good about taking care and refunding meaning damages or anything like that. They offer a very similar product line on to retention plus similar shipping rates. Very similar products definitely recommend if nothing else to set up an account with funding express or another larger division vendor. Just to help you out when you possibly have issues with your primary production vendor with any out of stock issues or anything like that.

**Custom Products**

We definitely highly recommend branding and using custom logos on as many of your products as you can and there are different companies that specialize in this. Now, some express or recommended reduction vendor will provide you with custom cups, plates, napkins all of that.

However, their business model is based on ordering 50 or 100,000 units at a time. So they're probably not really a good choice for you. Because you don't really have the storage space to store 50,000 Kids comes. However, there are other companies that work with much smaller volumes. Typically there's a setup fee involved a few $100 but then the actual per order cost is very reasonable. Burke is a great company to look at for doing your own custom kid cup. You should expect prices in the 10 or 15 cent range for those cups and there are other companies and some of these companies are at IOP every year. So that's a great place to walk around and talk in different companies. But a custom kids cup is definitely highly recommend custom plates and napkins are recommended. It just really adds a higher level of quality to your parties. There's nothing wrong with generic paper plates. Just the white foam plates but the problem is that looks mom and pop and when people think your mom and pop, they treat you when you look like a national brand and you look well established, people treat you differently and have a higher level of respect for your facility from the pricing and there's just a higher perceived value with your competence. So definitely want to make a move to custom branding as much as you can. Instead, however, you got to find the right vendors for that. Because you don't really have the storage space to capital to go out 50,000 plates or 50,000 cups redemption plus my offer some of that I've never explored that with that's something to check on as well another custom item that I highly recommend looking into spiky balls for your brain machines and seeing if you can get somebody to bring in those. That's a great custom random item to put in there, because you want every kid that comes to the store to go home with something with your name on it. So there's a constant reminder for them to come back to your facility. Another custom item that we highly recommend is selling t shirts and you do sell these for a profit but you don't sell them for a huge markup. Typically on your merchandise you're going to maybe try to keep your cost of goods around 40%. But you know, T-Shirts are usually a pretty cheap and easy one to get custom made PCGS the contact information is in independence is a great one. If you don't have a logo that you can get to them, you can use Fiverr to make a new logo and I believe the minimum is only about 300 Shirts.

Shirts are also great to give away with birthday parties and then you sell them for about $10 and then you can do we can discount them based on their service as well again, just anything to put your name out there is a great option. Custom socks are another option. I don't know of any custom sock companies we use fund Express and again, you're looking at 50,000. Product minimums there, I'm sure there are some options out there, an option for just buying generic white socks we highly recommend is the Alabama sock company. Definitely use them but on your custom socks, you're going to want to look for a vendor that can give you socks for $1 or less you're going to sell those for about $3 and you're going to make significant profit off of selling socks. Preferably, you want to do a custom gripper sock is really better and even if you can't work a deal to get a custom gripper sock selling your generic rubber sock is a good idea. Other custom product offerings are plushes, you can get plushes with your name on them personalized, usually fairly inexpensively prediction plus I'm sure offer some of that foreign Express has some options, you know, other companies that do that as well.

You know, you can sell these directly for not a huge markup. Give them away with birthday parties you can also put them in your reduction calendar and you know you are making a profit on these maybe not a huge profit. Again, the big thing is you want people taking home your name and you want it in the kids rooms. So there's this daily reminder to them to see the name of your facility and to constantly be asking mom and dad to get back there. So any opportunity you have to send a kid home with something with your name on it. It's just a great, great marketing opportunity.

**Next video**

**Marketing**

Marketing is an extremely important part of the business. It helps get the word out about the business and lets people know your specials your deals, it puts your business at the front and center of their minds. Based on the market research in the area I believe your business is fairly unique compared to the other offerings. Which means that it really should do quite well we just need to do a better job getting the word out and especially with it being closed for the last few weeks, it's going to be really important to advertise very hard and to let everyone know that it's not permanently closed and you're probably going to be fighting the perception that it is permanently closed for several months and advertising is the best way to correct that. We recommend focusing on electronic forms of advertising, social media, Facebook, Instagram, Twitter, Snapchat as well as doing email campaigns. Very much you need to do a multi channel approach which means that you need to be doing some Facebook, some Instagram, some email, spreading it out. We generally do not recommend direct mail, coupon bugs newspaper, radio or billboards. There are certainly exceptions where that makes a lot of sense. But your cost in your targeting usually just does not make sense.

With items like that you see with Facebook and Instagram and all those sources of electronic mediums, you can very specifically target your advertising leeches, meaning that for every person that sees your advertising, you can almost guarantee that it's a potential customer. Whereas a billboard the rates for that billboard are based on how many people see that Billboard but the vast majority of the people who see that billboard aren't really your target customer and the same thing is true for radio and TV advertising and things like that. The rates they charge are based on how many people see the advertisement.

However, most of the people that see the advertisement have no interest whatsoever in your facility. So that's why advertising mechanisms such as Facebook are so incredibly powerful, you can very specifically target moms with children in the age range that visit your store. You can also upload customer data like emails and very specifically target those people. So, like I said, there are certainly exceptions where it would make sense to do direct mail. You know, new store openings or new mailer lists. You can even purchase lists of people who have moved the area that only have children and you can target them with some direct mail, newspaper, print billboards again it's just the expense versus your actual customer base just does not make sense. Except maybe in like new store opening situations where maybe it doesn't make sense just to blanket the entire community with information about your store.

One of the most cost effective ways to market to your community is using grassroots efforts. Start by looking to see if there's any blogs in the area, mommy blogs or activity blogs, you can reach out to the owners of these websites and see if you can get them to write a blog post about your facility. Sometimes they sell advertising on these web pages and I would definitely recommend purchasing or advertising. These types of websites are often very open to trades. So you might can trade admission or free party in exchange for some advertising or some blog posts.

Next, I would look for mothers groups or mommy groups, Mother's Day Out groups. These are great places to make organizations to reach out to they're often looking for free places to meet and hold their weekly or monthly meetings. Let them come to your facility for free for one of their weekly or monthly meetings. All right, that will get them in the door and give them a chance to check out your improvements and you know some of them will not be interested in coming back but many of them will be and it's go to help further getting that word out. mops is a really popular group that's in most areas. You can also look on Facebook for different mother's groups or Mother's Day outside groups. As for Facebook and Instagram, I think both of those are a must. You should be posting on those two to three times a week. Now it's important understand this what we call organic reach. meaning you're not putting money behind these posts. You’re posting about your daily specials posting that you're open, posting your hours posting interesting information, just really anything to keep your pages fresh and updated on Instagram you'd be posting more pictures of customers and children playing different captions. One thing that's important to understand about Facebook, they do a very good job marketing themselves as a community that brings people together. That is not what they are Facebook is a company that sells advertising. That's 100% what they are they want and they do everything in their power to keep you on their websites or their apps as long as possible so they can sell you more advertising. So as a business, when you post to your page and you don't pay, they tend to push your posts to the bottom of people's newsfeeds.

So your organic posts are not go to get a lot of visibility. They are still extremely important to do but it's just important to understand that simply posting to Facebook and Instagram multiple times a week are not going to get a whole lot of traction without also putting some paid advertising behind. Now, on both Facebook and Instagram there are two ways to go about putting money behind your posts. They're really the same thing when it's just a simplified version of the more complex method. The first version is called boosting a post. Every post you put on there should have the option to boost the post and then you can also go into the ads manager tool and set up advertisements. Now it's important whether you're boosting or using the ads manager to boost posts or create standalone advertisements that you use the audience tools to down select your audience to only mothers, with children in the age range you want. In terms of a radius around your store, minimum 10 miles and you can expand it, depending on how many people that pulls in and what makes sense for your area. You can start small with as much as $5 but realistically to get a large impact you go to want to try to reach you know 50 or 60% of the people in your down select category and as you put in these numbers and Facebook it will tell you, so if you select mothers of children under 12 and a 10 mile radius, it's go to come back and say well, we know a 5000 people and then you put in $10, it's to say maybe we can reach 200 of those. So you're going to keep increasing that dollar amount until you can reach the vast majority.

Now, using these Facebook advertising tools is very overwhelming at first in a lot of people get frustrated and quit but it's really not that complicated and if you're willing to put a little money behind it and spend some time in some trial and error, watch some YouTube videos, you'll become quite proficient at it very fast and it's highly, highly recommended. Now you can hire companies to do your social media advertising for you and there is really nothing wrong with that. However, there are two important things to understand about that. First off, anybody can go out there and claim that there are social media marketing experts. It's pretty easy to do and unless you understand how it works and where the money goes and how Facebook and Instagram advertising actually work, you run the risk of really getting ripped off.

So I tell everyone, you need to learn how to do Facebook advertising, Instagram advertising yourself and then by all means subcontract that out if that works better for you but you need to learn how to do that yourself first, so that you can make educated decisions and monitor what your subcontractor is doing. Because this particular marketing space is just filled with a lot of people who don't know what you're doing and will rip you off. The second thing you need to understand about Facebook marketing, at least when it comes to paying a third party or a subcontractor is there like any business, they need to make a profit and they're probably charging three times what it costs them to actually do the work. What's important to share about that, let's say you want to have an advertisement, that you're open again and you want to put $100 behind that advertisement.

Well, if you go through a third party, that's probably going to cost $300 Right to get that equivalent $100 in advertising. Whereas if you just did it yourself you would only cost you $100, so, that's another important thing to understand about it when you subcontracted out and the thing about it is with the marketing, it's really a skill that you can learn to do yourself fairly easily. Even though like I said is it's very overwhelming at first. But it's not like being an electrician or a plumber, where the person you're paying has a very specific skill set in a license and you really have no choice but to go out and pay them. In the case of the social media marketing, there's just not a lot of barriers to entry so anybody can do it. The other thing to understand when you go to start researching how to do Facebook marketing and things like that. A lot of the material out there on the market is not targeted towards a small business or brick and mortar business. It's really targeted to people trying to sell stuff online or trying to sell courses or projects. So it sometimes can be a little difficult to get some tutorials online. But even a tutorial that's teaching somebody how to sell something on Facebook nationwide, there are things you can learn from that you can use those strategies and just scope them down to your local level.

So start again by just doing two to three posts a week, learning how to boost posts, get into the advertising manager and start new advertisement. Start with small dollar values to learn what you're doing and slowly increase those dollar values as you go. You can also use a third party application called Hootsuite. It's about $300 for a year long subscription and that will allow you to schedule your Facebook posts on Instagram, Facebook, Twitter and other social media websites. Facebook built in you can schedule posts but Instagram you cannot. But with that third party tool, you can schedule all your posts. So you can sit down one day of the week and schedule all your posts for the entire month, which is a really great time saying. Another thing you will want to consider in your are and there are services that can help do this for you or you can do it manually is because you're so close to the beach, I really feel like there's a great opportunity for rainy day advertising campaigns, where you target just people on the coast trying to target vacationers for rainy days to come to your facility. That would be a great advertising scheme and like I said there's actually services that will check the weather for you and if the weather is bad automatically post on Facebook for you. Another potential form of fringe advertising that doesn't apply to most people but it could apply to you guys is a lot of times, condos and hotels on the waterfront will have racks of cards with activities or attractions in the local area. You would be good to get a flyer design for your facility and get that on all those racks. Maybe even put a coupon or a rainy day special coupon on there. I don't know if those racks are manned by companies or if anybody can just walk up and put fliers in them. But that's definitely something worth exploring.

**Email is another valuable form of marketing.**

Now email as a whole is trailing down is not as popular as it once was, but it is still a valuable tool. Now when you switch to online waivers, you will now start collecting an email address for every single customer and what you'll want to do is you'll want to set up your waiver to force them to opt out of emails. In other words they by default opt in to the to the marketing emails and you'll start to build your email list. Popular services include Contact and fishbowl most of these services will do like 1000 person email blasts for free and then when you go above that you have to start paying and it's absolutely worth paying for. They all have nice design tools built in but you can also use a service like Fiverr to help you design the emails or the graphics that go in these. At an absolute minimum, I would do one email per month. You can also get more sophisticated and you can within PCs right now you should already have a list of emails that you can sort my birthday. So you can send out an email blast to all the July birthdays. We send that out in the month of June. You know advertising your party specials and you would do that every time. If you have any special events or anything specials that in the store, you can also send emails like that.

So just another channel of doing marketing via email to reach people. Again, the most important thing here is that you're, you're putting a little marketing effort in every single pot and we call that a multi channel marketing approach. There are also options like Snapchat in Twitter. We do use these occasionally and they are valuable, they are worth getting accounts for in using Twitter is another example of one that's been defining over recent years. It's worth having a presence, but I would not focus on too much. Snapchat is definitely worth having a presence and maybe for some certainty events advertising on there. The world is shifting away somewhat from Facebook and more towards things like Snapchat. So really all you're trying to do about being on Snapchat is just be aware of the next big thing. But I would not put a tremendous amount of effort into it at this point. One thing that is valuable to do on Snapchat is you can purchase a filter for your store or for the radius around your store, relatively inexpensively usually for about $200 for a year. So you would go on Fiverr and have someone create you a Snapchat filter with your logos and then you go through the Snapchat advertising website to basically geo fence or mark off the area around your store for that filter.

So whenever someone's using Snapchat inside your store that filter is going to pop up and people will take pictures using your logo and post that and you're essentially getting a kind of source of perpetual free advertising by people taking pictures using your logo on Snapchat and that's absolutely worth doing on Snapchat. In fact, based on our experiments that has one of the most effective cost per person reached out in any of the advertising mechanisms we've ever used. You're going to get bombarded with all kinds of people trying to sell you other forms of advertising. Maybe selling you advertisements in the backroom receipt paper, selling you advertisements on the back cover in magazines, radio advertisement, different things like that, in our experience, these dish do not work very well. But every year, we do try to experiment with at least one new advertising forum in that arena.

What's really important is when you do these types of advertising that you come up with a way to tracking success. So for example, let's say you decided to put an advertisement on the back of every Harris Teeter receipt. All right, what you need to do is put a coupon on there that people have to use and then you collect those coupons when they come in the door and at the end of your marketing term. You can count those coupons and see how effective that marketing campaign really was. What you never want to do is do a marketing campaign where you can't really measure the success of the campaign, because then you're just putting money out there and you have no idea what your return on investment really. Now, a lot of times the local schools will try to sell coupon books or punch cards or things like that. Generally those are free to you just agree to give a discount. We always participate in those. You know, it's free and it doesn't really cost you anything to give a discount on admission. So we generally always participate in those schools and organizations will come to you for donations. In typically in exchange for that you get your name or your logo on a shirt or on a banner or something along those lines. We generally participate in that only event applies to our demographic. So for example, if it's an elementary school, we're going to donate money. If it's the high school football team, we're probably not going to donate money to them because our advertising really is not meaning to be seen by All right, our core demographic. Yes, mothers of high school students also are mothers, toddlers. But you only have so many marketing dollars, it just makes sense to the majority of those marketing dollars towards your guaranteed audience, which is going to be the elementary schools and things like that a lot of public libraries will have some reading programs for elementary school students. Those are also good opportunities to sponsor those types of events. Film Festivals for younger kids good opportunities to sponsor those. So those are an often overlooked form of advertising. But definitely participate knows. Again also too, we tend to avoid the ones that don't make sense, high school students and things like that, with the exception of our employees we typically will sponsor anything that an employee brings us. In store marketing is important. This would not be a priority right now with the layout and the footprint of your store. But as you expand definitely recommend sandwich boards with posters on them throughout the store advertising, specials or food offerings. TVs are relatively cheap and inexpensive and you can have these to the party rooms with media players that would scroll through different advertisements, advertising different food or weekend specials. Even buy stickers for the tables that advertise different items, as well as table toppers. The little folded paper things that maybe have prices for your menu items. What you really want is, wherever somebody is in the store, you want them to kind of be forced to look at an advertisement for something or something. Again, this isn't a huge priority. Designing and printing all of this material can become quite expensive but it's definitely something you want to be working on especially as you increase your menu offerings and expand your kitchen

Next video

**Pricing arcade games and redemption items**

To price arcade games, redemption games should on average pasta not when not. So however you do your tokens whether it's you know one quarter equals one token or however it works out. You want to make your redemption games around enough. Your high end video games like Jurassic Park should be slightly more expensive and $1.50 air hockey which is a typically a very long played game should be amount of dollar 50, your games that are less tickets but have really high playability are typically a little bit cheaper, so skee ball and basketball shooting games. Those sometimes are closer to 75 cents. Frames should be around $1 the play to you win or the lose every time dollar wins. In depending on the popularity of the game, you can increase the price or lower the price depending. Candy grains typically almost treat those a little bit as a loss leader. When 50 cent price points are 75 cent price points, your games themselves your redemption games. The quick redemption games where you put money in you hit a button and something happens. Those should pay out close to 25 to 30% or up to on average. Your highly playable games like basketball and skee ball should have a payout of closer To 10 or 15%. Now, that's really hard to calculate right now with tokens and tickets but you can do it manually. When you move up to a game card system, you'll be able to calculate that much more precisely. Now, for pricing items at redemption, as an industry standard you're going to mark up everything by a factor of two and a half. So, if you pay $1 for an item, you're go to mark that up by two and a half in charge 250 tickets for then I. So that was

100 pennies times 2.5 250 pennies now becomes 250 tickets. The exception to that is if you have anything that is branded at redemption with your name on it. Typically that is marked up at a lower right, because again, you want people taking home stuff with your name on it. On some of the very, very high end stuff, you might also use a lower markup because you do occasionally want people to get those larger items. Another item to consider for your redemption mall is you really want to focus as much as you can on items from redemption plus or funding Express. You don't really want people to be able to see your items on the redemption wall at Walmart for sale. In general most everyone knows that everything is marked up but it sends the wrong message when you very obviously have something that they see every day at Walmart marked up exponentially higher than they would pay for it. That's not to say that you can't have an iPad or a Nintendo Switch or something like their kitchen. You just don't want to have a large amount of time.

**Just a few is good enough**

As you expand your arcade, you definitely want a few higher value items up top, you also want lots of lower value items really want to good mix all the way across the board. When you get a little bit larger arcade and a debit card system, you're going to see people that rack up hundreds of dollars. 1000s of points although the average customer is going to be more doing teams about once a quarter, or once every six months, you want to completely rearrange your retention wall and update rechecking the pricing and make sure everything is in line. What we like to do is take everything down off the wall and actually repot it back up in a different motor or schematic just to keep it fresh.

**How to price menu items.**

The first step of creating your menu, pricing the items is to decide how you want to price things with respect to sales tax, most locations in the US get a base price and then sales tax is added on each rung up at the cash register. You don't have to do it that way, you could include sales tax in the price. Now if you decide to include sales tax in the price on the board, you should price your items to whole number values, $1,$2,$3 and so if you decide to calculate sales tax at the point of purchase, then it makes more sense to do prices like 199, 299 , 399 and so on. Sometimes you'll occasionally also see 195 to 295. In prices like that, it's been proven through a lot of different studies that the 199 , 299 pricing works with consumers, the price of 299 becomes $2 in your head, as opposed to $2.99 cents. So once you make that decision you can start calculating the prices for your items. To calculate a price for an item, we start by calculating your cost of goods and then you want to charge at least three times that amount on your menu and what you're trying to do here is keep your food costs or your cost of goods under 30%. So the multiplication by three is just a quick and dirty way to do that. You can also divide your cost by point three, to get an approximation and whatever number you come up with you then kind of round that up to the next dollar value.

So if you your calculation came up with $2.76 cents, you would probably go ahead and round that up to $2.99 cents on your menu board. Now, calculating Cost of Goods can be a little bit complex. So for an item like a bottle of Coke, it's fairly simple you simply look up what the bottle of coke cost you from the coke distributor take that value and multiply it by three rounded up to the next dollar and there's your price. Now for something like popcorn you want to take a little more time and calculate all the different items that goes into that.

For example, you've got your popcorn packet that comes pre packaged with kernels, oil, solid and everything. You put that into your popcorn machine, it makes multiple servings. So you'll need to calculate what one serving of that popcorn costs and then you'll also want to calculate the cost of the bucket that goes into that typically in the example of popcorn, the popcorn bucket itself actually cost way more than the quantity. So you would take those two numbers add them together and that's your cost of goods for a bucket of popcorn. Divide that by one, three, multiply it by three and take that number and rounded up to the next dollar figure and there is your menu fries for popcorn and you'll want to do this for every item on your menu. Now what you don't typically take into account when pricing items is labor, the cost of the equipment, the cost of machinery, things like that. When we price meet new items we strictly focus on the cost of goods, utensils, paper products, anything like that that actually gets served to the customers. Right now with your simple menu this should be fairly easy. Pressing out bottle drains popcorn, things like that is pretty straightforward. When you develop a full kitchen, it's going to get more complicated because you to start taking into account sauces, condiments and items like that.

One other thing to note is if you have any item that has a high amount of loss, you'll want to kind of put that into the price as well. Right now in your current state you don't really have any high loss items and really for this type of business we don't recommend you really selling anything that has a high loss but just to give you an example to help you understand that concept. Let's say you wanted to sell slices of cake that comes in a sheet bizarre the sheet out. It's good for a week and at the end of the week, whatever you didn't sell you throw away So in calculating your price for that cake, you would need to determine what your average losses for the week are how many pieces you throw away every week and you would build that into the price.

That's part of why like at a restaurant for example, salads costs 10 times what the lettuce cost. Part of it is, that's a good way for the restaurant to make money. But part of it is because they had a tremendous food waste because they keep a lot of lettuce on hand and if they don't sell it all it gets thrown away. So they're actually making up for their food loss their and their price. So that's a very important consideration when it comes to pricing your food items. But again, for this type of business, we're going to push you towards minimizing using the food waste, we're go to keep very closely to frozen products or cooking things on demand so that the customers do not need to so that you as the operator do not mean to throw stuff away every week.