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9B19M120

Adventures on wonderland: Remaining competitive in a changing industry

Jordan Sills wrote this case under the supervision of Ian Dunn solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On September 1, 2018, Mary Stosky, owner of Adventures on Wonderland (Adventures), sat at her desk contemplating the next steps for her business. Adventures, a family fun centre (FFC), had operated for 18 years and was a well-known attraction in London, Ontario. Stosky had always prioritized customer service and community outreach over profits, and this had led to a number of years of declining profitability. Moreover, Adventures’ indoor playground required extensive updates, and Stosky wondered whether this was the right time to replace the old equipment. With many new family-oriented attractions opening nearby and a rapidly changing industry, she needed to improve her competitive position and wanted to have a plan in place before the upcoming busy season in November.

FAMILY FUN CENTReS

FFCs were recreational centres that provided varying entertainment activities such as miniature golf, go-karting, laser tag, and arcade video games. Families with children were the primary consumers of FFCs, visiting on average between 3.2 to 4.6 times per year and spending approximately CA$12[[1]](#footnote-1) to $22 per visit.[[2]](#footnote-2) Despite having low profit margins, food and beverages were also offered at FFCs in order to prolong customer visits. With more people self-identifying as “foodies,” many family-oriented attractions had updated their menus to appeal to this growing consumer group.[[3]](#footnote-3)

The FFC industry was highly fragmented; there were no large players, and almost all companies operated out of a single location. Between 2012 and 2017, the FFC industry experienced a 5.2 per cent annual growth rate, which was expected to slow down to 2.8 per cent between 2017 and 2022.[[4]](#footnote-4) The industry had also realized an annual profit margin of 12.6 per cent in 2017—significantly higher than many other industries.[[5]](#footnote-5)

The success of FFCs could be attributed to a variety of factors: FFCs were affordable in comparison to other entertainment options. Low consumer spending per visit was mitigated by the rising number of families earning above $100,000 per year. Leisure time was another key driver, and this had stagnated at 5.8 hours per day.[[6]](#footnote-6) While a short-term decrease was a potential threat, current projections anticipated an increase to 5.85 hours per day.

FFCs competed primarily on location, technology, and asset maintenance.[[7]](#footnote-7) Locating an FFC with easy access to parking would help drive traffic but was becoming increasingly difficult in the city of London, as the local municipality was allocating more urban land to industrial and office spaces. Having state-of-the-art equipment was another means of differentiation among the industry competitors. The more modern FFCs provided virtual-reality and escape-room attractions to attract an older demographic and expand their service offerings. Other FFCs appealed to the more health-conscious consumers by incorporating physical activity into their attractions, and most offered birthday packages to encourage repeat attendance. Finally, the regular maintenance and cleaning of equipment was a key success factor, as it helped to extend the useful life of assets and reduce operating costs.

Several economic changes had occurred in the past few years that greatly increased wage and utility expenses, two of the biggest operating costs for FFCs. On January 1, 2018, the minimum wage increased from $11.60 to $14.00 per hour (see Exhibit 1).[[8]](#footnote-8) Utilities were also projected to increase for businesses province-wide in the coming years, and the political uncertainty around these major costs weighed on businesses in the industry.[[9]](#footnote-9)

**London, Ontario**

In 2018, London had a population of 383,822,[[10]](#footnote-10) and the city’s unemployment rate had fallen to the five per cent range, which made it rank among the economically strongest sites in the province.[[11]](#footnote-11) Between 2011 and 2016, London saw a 3.8 per cent increase in the number of families, which grew to 104,190.[[12]](#footnote-12) Of the overall population, the preschool-age cohort (ages one to four) decreased from 5.5 to 5.3 per cent, while the school age cohort (ages five to 14) stayed constant at 10.8 per cent.[[13]](#footnote-13) Families with children had a median income of $106,089; however, 18.8 per cent of the London population was considered low income—higher than the provincial and national rate (see Exhibit 2).[[14]](#footnote-14)

COMPETITORS

For many years, London had been home to a small but well-known group of businesses that catered to children’s entertainment, and the recent addition of several new centres provided families with an abundance of options to choose from (see Exhibit 3).

**Kidscape**

Kidscape was a learning and activity centre located near the intersection of Hyde Park and Fanshawe Park Road in the northwest area of London. North London had experienced considerable growth in the last few years; there were many residential housing developments and several high-income neighbourhoods nearby. Kidscape offered a 372-square-metre indoor playground, play structures for children under the age of three, and a ceramics studio for arts and crafts. With free Wi-Fi and comfortable seating throughout, parents could watch their children while relaxing or getting caught up with work. Kidscape also offered birthday party packages. Kidscape was open Monday to Thursday from 9 a.m. to 4 p.m., Friday from 9 a.m. to 5 p.m., and weekends from 9 a.m. to 6 p.m. During the summer, Kidscape partnered with the Boys and Girls Club of London to exclusively offer various summer camps, and it remained closed to the general public during the summer months. Admission to Kidscape was tiered, based on the age of the child (see Exhibit 4). There were no adult admission fees.[[15]](#footnote-15)

**Play Away**

Play Away was an indoor park located in an industrial complex beside the London International Airport. It offered a three-story indoor play structure, an indoor jumping pillow, and a fitness and dance studio. Play Away also offered free Wi-Fi, a work area for parents, and fair-trade coffee. Admission was free for adults and $7.95 for children under the age of 11. Play Away offered additional membership packages based on the number of months and the number of visits, as well as birthday party packages (see Exhibit 5). It operated weekdays from 9 a.m. to 4 p.m., and on weekends from 10 a.m. to 5 p.m., with hours of operation varying slightly during the summer.[[16]](#footnote-16)

**Family Entertainment Centres**

Family Entertainment Centres (FECs) catered to a broader demographic of children, teenagers, and in some instances, adults. Several new FECs had recently opened in London, providing families with even more entertainment options to choose from.

The Factory

The Factory, the largest FEC in London, began operating in July 2018. With about 14,864 square metres of operational space, The Factory included facilities such as a high ropes course, trampolines, a warrior course, escape rooms, and virtual-reality games. The Factory also offered a 510-square-metre kids indoor playground targeted toward children up to age 11; this included an interactive area where children could play video games on large monitors. The kids’ playground was free for children under the age of five and required a $20 adventure pass for those aged six and up.[[17]](#footnote-17)

Flying Squirrel and Sky Zone

These were two new venues with a focus on active entertainment. Both operated mainly as large trampoline parks and also provided other activities such as climbing walls, fitness classes, and video game arcades. These were among the few FECs to have multiple locations: Flying Squirrel had two additional locations within Ontario as well as four outside the province, and Sky Zone operated over 20 locations in Canada and the United States. Admission was normally $18–$20 per hour at both locations. Flying Squirrel also offered a toddler pass for children ages six and under for $80. The toddler pass included up to 10 hours of jumping. Sky Zone had specific toddler hours on Saturdays and Sundays at a cost of $10 per hour.[[18]](#footnote-18)

CUSTOMERS

Family entertainment had changed drastically in the past decade. The rapid development and accessibility of technology allowed individuals to partake in various forms of entertainment from the comfort of their own homes. Industry players needed to adapt to the ever-changing demands of their consumers. Successful companies had incorporated powerful social experiences within their business models.[[19]](#footnote-19) If an establishment could cater to all age groups—young children to adults—they could develop multiple streams of revenue and increase demand.[[20]](#footnote-20)

**Preschoolers**

Preschoolers—children ages one to four—had their own play areas separate from the older age groups. This was designed to prevent potential injuries and to appeal to the different demands of each age group. Preschoolers’ parents had all the decision-making power; they needed to be in close contact with their children and often sought out physical activities with an educational component.

**School-Aged Children**

School-aged consumers—children ages five to 12—were more independent. While their parents could still be involved, this age group preferred to play with their friends. As such, activities were designed on a larger scale. School-aged children also booked the most birthday parties at FFCs. While parents still held most of the decision-making power, these children had more influence the older they became.

**Target Market**

Stosky wondered whether she should continue to target children ages one to 12, refocus on a subsection of her current target market, or attempt to expand Adventures’ target market to keep up with the changing trends. Because they held the decision-making power, any final decision would need to appeal to parents. Stosky knew that a location-dependent business such as hers had some limited options for growth: to improve the customer retention rate, increase the customer spend per visit, increase the frequency of customer visits, attract additional customers from London, or expand to attract consumers from a new geographic area.

ADVENTURES ON WONDERLAND

Adventures, located in a commercial complex in South London, began operating in 2000. Since incorporation, the company had grown from a few people to over 30 employees. While Stosky had always been passionate about her business, she hoped to retire in the next five to 10 years to spend more time with her family. She wanted to position the business for success and to continue to provide children with the great experience that was exemplified by Adventures’ continual involvement in the community. Adventures often donated thousands of dollars’ worth of coupons and free admissions each year to various community groups and schools, earning the company respect and a positive reputation in the community. Profitability had not been a focus for Stosky in the past, as illustrated in the company’s financial statements and ratios (see Exhibits 6, 7, and 8).

Adventures focused on having a variety of attractions. It owned and operated one of the largest indoor jungle gyms in Southwestern Ontario, while providing additional activities such as laser tag, arcade games, a concession stand, and a toddler play area (see Exhibit 9). The toddler play area catered to children ages one to four and had a small playground, books, puzzles, and train sets. The jungle gym, arcade, and laser tag were intended for children ages five to 12. During the week, the majority of consumers were children ages one to four as they had not yet been enrolled in school. Birthday parties consisted mainly of children ages six to nine. Because of its history and excellent customer service, Adventures maintained a very loyal customer base.

Admission prices varied based on age. Adventures also had admission packages based on the number of visits and offered an annual pass (see Exhibit 10). Admission included access to both the jungle gym and toddler area, whereas laser tag and the arcade games cost an additional fee. Adventures had formed a partnership with Cineplex Entertainment LP to help provide many of the arcade games. Cineplex supplied the games and took 50 per cent of the revenues produced, reducing the investment costs associated with purchasing the games. Adventures also provided a full-service kitchen on site, serving non-alcoholic beverages and a variety of meals.

Adventures offered three all-inclusive birthday packages—Gold, Silver, and a Walk-In package (see Exhibit 11). Birthday parties amounted to 23 per cent of total revenues and Adventures’ credit terms were net ten. Stosky wanted to analyze, on a contribution basis, each of the birthday party packages, and she wondered if any changes should be made. Adventures was open Monday to Saturday from 10 a.m. to 8 p.m. and from 11 a.m. to 7 p.m. on Sunday. Adventures realized the majority of its sales during the months of November to April, as children were less inclined to play outside during those months. The average spend per customer was $14.11 in Fiscal Year (FY) 2018.

Stosky had always hired young employees; often, Adventures was their first job experience. This provided both benefits and drawbacks for the business. Adventures had a lower employee turnover rate than other service-based organizations. However, Stosky needed to devote a considerable amount of time to training the employees.

Adventures had recently undergone several large operational changes. In December 2017, Stosky increased admission prices due to the upcoming minimum wage increase. General admission prices had not increased in over five years, and Stosky worried that this would affect the rate of attendance moving forward. Laser tag vests and guns, as well as the arcade games, had been updated in order to keep up with industry competitors. However, she wondered if these updates were enough, given the increased technological advancement throughout the industry.

INDOOR PLAYGROUND OPPORTUNITY

As she was contemplating what her business needed to do to be successful in the future, Stosky also had a pressing decision to make—whether or not to replace the old playground equipment. Having used the same playground equipment since opening, with minor replacements, Adventures was beginning to fall significantly behind its competitors’ new models. The indoor playground was becoming increasingly difficult to repair, as suppliers had stopped producing replacement parts for the old models. In order to update the indoor playground, Stosky would need to replace the entire set. This new equipment, if chosen, would be of a similar quality to that of her competitors. The playground was a key driver of attendance, and Stosky knew that she had to address these concerns within her long-term strategy.

The cost to purchase the new playground equipment was $700,000. The new equipment would be depreciated using the straight-line method over a useful life of 25 years, with no residual value. Stosky believed that the new equipment would create an increase in sales equivalent to 15 to 20 per cent of FY 2018 revenue. Regardless of whether she added the new playground, FY 2019 sales would see a one per cent increase from that of the 2017 values.

The installation of the new playground would also increase various expenses, as additional food, beverage, and concession costs would be incurred due to the increase in sales. Stosky thought that the FY 2017 percentage of sales value was a good estimate. Her insurance company believed these newer models of playgrounds were more dangerous than older models, and she expected an increase of five per cent in insurance costs from FY 2018. Additionally, employees would need to allocate one and a half hours of their current time toward supervising the new playground. Employees would also require one hour of training on the various safety standards and new features of the playground.

With the new playground equipment, Stosky estimated Adventures would save 10 per cent on cleaning and maintenance expenses from FY 2018. Finally, Stosky believed she would be better able to pay back suppliers and estimated that her accounts payable would decrease to 2017 levels. Construction of the indoor playground would not cause any significant delays as most of the work could be completed overnight. However, the playground would not be operational until October of 2018.

FINANCING

Even though her business was not profitable, Stosky could get a $700,000 bank loan if she decided to invest in the new playground equipment. It would be payable in equal monthly payments over 10 years at an annual interest rate of eight per cent. A personal guarantee was required by the bank. Interest payments on the loan for FY 2019 would be $49,195. Interest and principal payments would be due on the last day of the month. Stosky wondered whether this loan would be enough or whether additional financing would be required to maintain regular operations. If additional financing was needed, she would be able to invest $200,000 of equity.

ADVERTISING AND PROMOTIONS

One strategy to increase attendance was through the development of a new advertising and promotional plan. Stosky planned to increase the FY 2018 advertising budget to $10,000. She also had to determine the most effective way of utilizing this new budget. Traditionally, Adventures advertised via radio stations, tourism magazines, and coupon books; it was also provided with free advertising at many of the organizations Stosky donated to. Adventures utilized road signs in high-traffic areas to promote special events and Facebook advertising to target online consumers. Moving forward, Stosky wanted to try new advertising mediums. If she chose the indoor playground expansion option, she believed that it would be a central theme of the new campaign. If she did not choose the expansion option, she would have to determine what to advertise instead.

Stosky had used Facebook to advertise online and was pleased with the results so far. She used Facebook’s demographic information to target certain audiences. On average, she would spend $5.00 boosting a post, which could reach between 3,000 and 5,000 people. She considered using a cost-per-click (CPC) method, which would charge Adventures every time a user clicked on its advertisement. Stosky also considered using Google AdWords, which used a list of search terms in order to identify customers. Google would charge Adventures an average $8.05 per click.[[21]](#footnote-21) If she chose AdWords, Stosky would need to determine a number of keywords affiliated with her organization.

Finally, she had been researching two alternate advertising methods—Canada Post and *The London Free Press* newspaper. The Canada Post Snap Admail program allowed businesses to send mail to select neighbourhoods (see Exhibit 12). The newspaper’s pricing varied depending on the day and type of advertisement: a one-day black-and-white ad would cost $285, and a full-colour ad would cost 30 per cent more.

FUTURE PROSPECTS

Whether or not the indoor playground replacement was chosen, Stosky wanted to project both an income statement and a balance sheet for FY 2019. She believed that the decline in sales in FY 2018 was an anomaly. Nevertheless, all cost of goods sold of the existing business would remain at the same percentage as in FY 2018. Most operating costs, other than advertising, staff wages, staff discounts, and utilities, would remain at the same dollar value as in FY 2018. Advertising would increase to $10,000, and Stosky would seek to reduce staff discounts by five per cent. Utilities and staff wages would be calculated using the same percentage of sales as 2018, and prepaid expenses would equal 50 per cent of the 2017 value. Depreciation for existing long-lived assets would be the same dollar value as in FY 2018. Other current liabilities owed from previous fiscal years would be paid in full during 2019. Finally, Stosky wanted to maintain a $20,000 cash balance by the end of the year in order to meet her short-term financial needs.

DECISION

This was a pivotal time for Adventures—Stosky had to decide whether to replace the indoor playground and determine if additional financing would be needed. Regardless of the indoor playground expansion decision, she wanted to develop an advertising plan for the upcoming year and improve her competitive positioning. A contingency plan would also be required if Adventure’s financial situation were to further deteriorate. With her to-do list ready, Stosky sat down at her desk, surrounded by the noise of many birthday parties, and began to plan the future of her business.

EXHIBIT 1: INDUSTRY WAGES AS A PERCENTAGE OF REVENUE

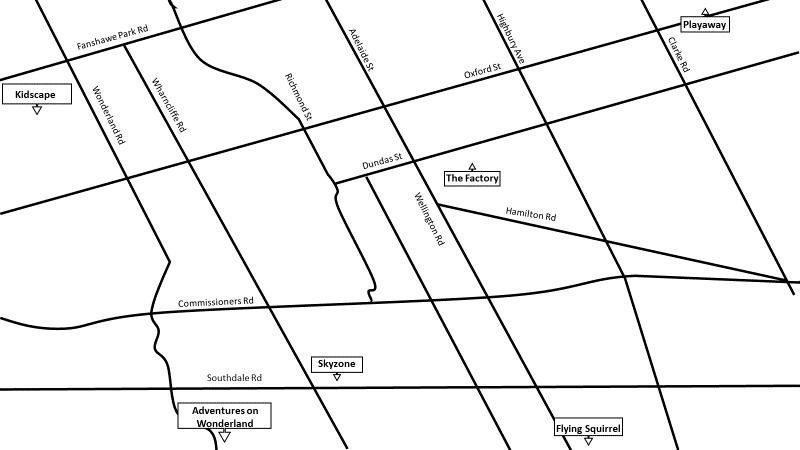
Source: “Golf Driving Ranges & Family Fun Centres in Canada,” IBIS World, accessed July 8, 2018, www.ibisworld.com.

EXHIBIT 2: LONDON DEMOGRAPHIC BREAKDOWN

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Age Structure (Years)** | **1996** | **2001** | **2006** | **2011** | **2016** |
| **0**–**4** | 22,745 | 19,295 | 18,470 | 19,990 | 20,300 |
| **5**–**9** | 22,220 | 22,435 | 19,545 | 19,010 | 21,235 |
| **10**–1**4** | 21,680 | 22,495 | 22,830 | 20,365 | 20,350 |
| **15**–**19** | 20,585 | 22,755 | 24,405 | 24,715 | 22,645 |
| **20**–**44** | 132,300 | 128,680 | 128,030 | 126,515 | 131,825 |
| **45**–**64** | 65,580 | 77,125 | 90,750 | 101,845 | 103,715 |
| **65+** | 40,505 | 43,825 | 48,370 | 53,705 | 63,760 |

Source: “Census Profile, 2016 Census: London [Census metropolitan area], Ontario and Ontario [Province],” Statistics Canada, accessed June 26, 2019 www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CMACA&Code1=555&Geo2=PR&Code2=35&Data=Count&SearchText=london&SearchType=Begins&SearchPR=01&B1=All&TABID=1.

EXHIBIT 3: MAP OF LONDON AND FAMILY ENTERTAINMENT VENUES



Source: Created by the case author.

EXHIBIT 4: KIDSCAPE ADMISSION PRICES AND BIRTHDAY PACKAGES (CA$)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Admission Prices** | |  | **Birthday Packages** | |
| 1–3 years old | $8.13 |  | Play Package | $260 (choice of pizza or hot dogs and 2 jugs of juice included) |
| 4–5 years old | $10.47 |  | Host-Your-Own | $149 (no food included) |
| 6–12 years old | $12.46 |  | Ceramic Painting Party or Glow Room Party | $295 (with food) |
|  | $275 (no food included) |
| 1-month membership | $41.00 |  | Full Facility Rental | $300 (no food included) |

Note: Unless otherwise stated, birthday party package pricing was for 10 children.

Source: “CustAMAZING Birthday Parties,” Kidscape, accessed June 27, 2019, www.kidscape.ca/activity-3.

EXHIBIT 5: PLAY AWAY ADMISSION PRICES AND BIRTHDAY PACKAGES (CA$)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Admission Prices** | |  | **Birthday Packages** | |
| Play Away the Day | $7.95 |  | Birthday Package | $205.95 (platter for guests, juice, birthday cake, and GoPro birthday video experience included) |
| Play Away One Month Membership | $34.95 |  | Full Facility Private Waffle Party | $350.00 (food for up to 30 people—waffles, whipped cream, toppings—and GoPro birthday video included) |
| Play Away 20 Pass | $124.50 |  | Full Facility Private Food Party | $400.00 (food for up to 30 people—choice of pizza, hot dogs, or grilled cheese—and GoPro birthday video included) |

Source: “Birthday Packages,” Play Away, accessed June 27, 2019, www.playawaylondon.ca/birthday-packages; “Drop in Play,” Play Away, accessed June 27, 2019, www.playawaylondon.ca/play.

EXHIBIT 6: Adventures on Wonderland, STATEMENT OF EARNINGS For the Years Ending August 31 (CA$)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2018** |  | **2017** |
| **Revenues** | 100.0% | 509,458 | 100.0% | 649,286 |
| **Cost of Goods Sold** |  |  |  |  |
| Food, Beverage, and Concessions | 21.0% | 106,995 | 20.9% | 135,675 |
| Gross Profit | 79.0% | 402,463 | 79.1% | 513,611 |
| **Operating Expenses** |  |  |  |  |
| Wages | 43.2% | 220,215 | 35.3% | 229,263 |
| Depreciation | 10.4% | 53,142 | 8.8% | 56,896 |
| Advertising | 1.7% | 8,689 | 1.8% | 11,696 |
| Bank Interest | 5.7% | 29,055 | 3.2% | 20,642 |
| Staff Discounts | 2.0% | 10,345 | 2.2% | 14,038 |
| Insurance | 4.7% | 23,760 | 4.3% | 28,161 |
| Legal and Accounting | 0.3% | 1,700 | 0.5% | 2,950 |
| Telephone | 0.8% | 4,167 | 1.0% | 6,240 |
| Cleaning and Maintenance | 6.6% | 33,616 | 8.2% | 53,004 |
| Utilities | 9.2% | 46,714 | 4.7% | 30,835 |
| Rent | 32.9% | 167,411 | 27.2% | 176,712 |
| Miscellaneous | 3.4% | 17,418 | 1.4% | 9,053 |
| Total Operating Expenses | 121.0% | 616,232 | 98.5% | 639,490 |
| Income Before Tax |  | (213,769) |  | (125,879) |
| Net Income (Loss) |  | (213,769) |  | (125,879) |

Note: Adventures had four managers who earned $16.00 per hour, 10 employees under the age of 18 who earned $13.15 per hour, and 16 employees over the age of 18 who earned $14.00 per hour.

Source: Company files.

EXHIBIT 7: Adventures on Wonderland, STATEMENT OF FINANCIAL POSITION As of August 31 (CA$)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Assets** | **2018** | | **2017** |  |
| Current Assets |  |  |  |  |
| Cash | 30,037 |  | 58,174 |  |
| Accounts Receivable | 4,882 |  | 4,148 |  |
| Inventory | 2,972 |  | 3,769 |  |
| Prepaid Expenses | 7,509 |  | 16,000 |  |
| Total Current Assets |  | 45,400 |  | 82,091 |
| Long-Lived Assets |  |  |  |  |
| Net Long-Lived Assets | 254,519 |  | 297,673 |  |
| Total Assets |  | 299,919 |  | 379,764 |
| **Liabilities and Equity** |  |  |  |  |
| Current Liabilities |  |  |  |  |
| Accounts Payable | 13,374 |  | 9,045 |  |
| Other Current Liabilities | 2,015 |  | 3,900 |  |
| Total Current Liabilities |  | 15,389 |  | 12,945 |
| Long-Term Liabilities |  |  |  |  |
| Due To Related Parties | 458,400 |  | 458,400 |  |
| Bank Loans | 131,480 |  | – |  |
| Total Long-Term Liabilities |  | 589,880 |  | 458,400 |
| Shareholders’ Equity |  |  |  |  |
| Common Shares | 1 |  | 1 |  |
| Retained Earnings | (305,351) |  | (91,582) |  |
| Total Shareholders’ Equity |  | (305,350) |  | (91,581) |
| Total Liabilities and Shareholders’ Equity |  | 299,919 |  | 379,764 |

Note: Adventures prepaid for a number of expenses, including their point of sale system and website domain.

Source: Company files.

EXHIBIT 8: SELECT FFC RATIOS FOR 2018

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Industry** | **Adventures** | |
|  |  | **2018** | **2017** |
| Current Ratio | 1.20 | 3.00 | 6.30 |
| Acid Test | 0.80 | 2.30 | 4.80 |
| Days of A/R | 0.40 | 15.00 | 10.00 |
| Days of A/P | 18.50 | 45.00 | 24.00 |
| Days of Inventory | 23.50 | 10.00 | 10.00 |
| ROA | 0.09 | – | – |
| ROE | 0.38 | – | – |
| Interest Coverage | 3.30 | – | – |
| Debt to Equity | 3.50 | – | – |

Note: Food, beverage, and concessions were purchased on credit; A/R = Accounts Receivable; A/P = Accounts Payable; ROA = Return On Assets; ROE = Return On Equity.

Source: Company files.

EXHIBIT 9: SERVICES OFFERED BY ADVENTURES ON WONDERLAND

TODDLER PLAY AREA

PLAY VILLAGE

A picture containing indoor, floor, table, wall

Description generated with very high confidenceA picture containing indoor, table, floor, toy

Description generated with very high confidence

ARCADE 

SNACK HUT 

A picture containing indoor, wall, floor, table

Description generated with very high confidenceA picture containing indoor, wall, food, table

Description generated with very high confidence

INDOOR PLAYGROUND



A picture containing indoor, floor

Description generated with high confidence

Source: Company files.



EXHIBIT 10: ADVENTURES ON WONDERLAND ADMISSION PACKAGES (CA$)

|  |  |  |
| --- | --- | --- |
| **Admission Prices** | | |
| Wee Ones (1 to 4) | $6.95 | |
| Adventurers (5 to 12) | $12.95 | |
| 10-Visit Pass | Wee Ones $67.99 | Adventurers $120.99 |
| Annual Pass | Wee Ones $197.99 | Adventurers $249.99 |
| Annual Family Pass | $499.99 | |
| Adults | Free admission | |
| Laser Tag | $4.00 per game | |

Note: Maximum of three children included in family admissions.

Source: Company files.

EXHIBIT 11: ADVENTURES ON WONDERLAND BIRTHDAY PACKAGES and COSTS (CA$)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Revenue** | **Cake** | **Pizza** | **Supplies** | **Goody Bags** | **Miscellaneous** |
| Walk-In | $14.99 | $16.00 | $9.00 | $15.00 | N/A | $10.00 |
| Silver | $19.99 | $16.00 | $9.00 | $15.00 | N/A | $20.00 |
| Gold | $23.99 | $16.00 | $9.00 | $15.00 | $20.00 | $24.00 |

Note: Each birthday party averaged eight children in attendance. Revenues were calculated on a per-child basis, while expenses were calculated on a per-birthday basis.

Source: Company files.

EXHIBIT 12: CANADA POST SNAP ADMAIL PRICING (CA$)

|  |  |  |
| --- | --- | --- |
| **Quantity** | **Flyer** | **Postcard** |
| 500 | 1.19 | 0.98 |
| 1,000 | 0.67 | 0.58 |
| 2,500 | 0.48 | 0.44 |
| 5,000 | 0.39 | 0.36 |
| 10,000 | 0.38 | 0.34 |
| 25,000 | 0.35 | 0.32 |
| 50,000 | 0.32 | 0.30 |

Source: “Pricing,” Canada Post, accessed June 27, 2019, https://snapadmail.canadapost.ca/pricing.

1. All currency amounts are in Canadian dollars unless otherwise indicated. [↑](#footnote-ref-1)
2. “Golf Driving Ranges & Family Fun Centres in Canada,” IBIS World, accessed July 8, 2018, www.ibisworld.com/. [↑](#footnote-ref-2)
3. A foodie was a person who loved food and was very interested in different types of food. [↑](#footnote-ref-3)
4. “Golf Driving Ranges & Family Fun Centres in Canada,” IBIS World, op. cit. [↑](#footnote-ref-4)
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6. Ibid. [↑](#footnote-ref-6)
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