Compiled annually since 1976.

STATE OF THE
industry report

Play Meter 2004

VITAL STATISTICS

Industry gross annual income:	$8.8 billion*
Number of locations	
Arcades:	5,000
Street:	225,000
FECs:	2,000
Total locations:	232,000
Number of operators:	3,000
Equipment on location:	1.8 million*

**Includes video poker, cigarette vending, and bulk vending machines.*

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STATE OF THE industry report

General Business

HOT TOPIC

Would buying direct from manufacturers appeal to operators?

"Why does anyone need a distributor (except to increase price)? Let's buy from the manufacturer . . . PLEASE!"

"No. I'd rather call one person, one location, rather than each manufacturer."

"Maybe, if price and service were #1 and #2 priorities."

"Yes, most distributors do not stock equipment and most parts. When you need something, they have to order it. I can order it myself and save money. I need the distributor only because I need something now and they do not have it."

1. **Do you operate in:**

	2004	**2003**	**2002**	**2001**
Arcades ONLY	2%	4%	6%	8%
Street Locations ONLY	61%	54%	49%	36%
FEC ONLY	1%	4%	11%	3%
Arcade/Street/FEC	9%	14%	6%	18%
Street/FEC	8%	7%	6%	4%
Arcade/FEC	1%	3%	2%	2%
Arcade/Street	19%	12%	20%	16%

2. **How many locations do you have?**

	2004	**2003**	**2002**	**2001**
Arcades	5,000	4,900	4,600	5,500
Sreet Locations	225,000	196,000	224,000	235,000
FECs	2,000	2,500	2,000	2,400

3. **How long has your company been in business?**

	2004	**2003**	**2002**	**2001**
Average	25 yrs.	30 yrs.	23 yrs.	26 yrs.
10 yrs. or less	24%	29%	25%	30%
11 to 25 yrs.	38%	27%	42%	31%
Over 25 yrs.	38%	44%	33%	39%

NOTE: The average time in business for FEC operators was 11 yrs.; for street operators it was 25 yrs. It is encouraging to see that 76% of coin machine operators have been in the business 11 years or more, while 24% have joined the operator ranks in the past 10 years. It's always good to see an influx of newcomers to the industry and of the 24% of what we could call the newbies, about 9% have only been in the industry less than 5 years.

4. **Are you optimistic that your company will be in the coin-op industry five years from now?**

	2004	**2003**	**2002**	**2001**
Yes:	86%	81%	82%	90%

NOTE: Last year 81% responded that they were optimistic that their companies would be in business in the next 5 years. We noted that the industry was looking a little more positive and hoped that the percentage would rise. And it did, although not quite to the 90% level we saw in 2001 but a 6% rise in operators who are looking to be around in 5 years is certainly a good sign.

5. **What attraction nets you the most revenue?**
NOTE: The first time we asked this question was in 2002 and we asked about FEC attractions. Surprisingly, that year the top answer was video games followed by redemption, miniature golf, motion simulators, and parties. Last year the top answer was redemption games followed by soft modular play structures, dancing simulators, laser tag, parties, rock climbing, and Tsunami. This time we took out the FEC focus and asked operators what attraction nets them the most revenue, no matter where it's placed. The top answer was pool tables. Others included jukeboxes, redemption games, countertops, cranes, and bulk vending. That last one was a surprise considering that video games had fewer responses than video pokers. It looks like operators are getting creative in what they are adding to their routes.

6. **Has your community been affected by a smoking ban?**
Yes: 44%
No: 56%
NOTE: This was not what we expected from this question asked for the first time. With so many states, towns, and communities seeking all out smoking bans, we thought there might be more operators affected. However, although there are numerous campaigns to outlaw smoking in public places (including street locations like bars) not all of them are passing. State associations, like the one in New York, are staying on top of the proposals and presenting the other side of the equation about how it will affect businesses. We just might see more "yes" responses next time.

7. **Do you attend major trade shows?**
Yes: 75%
No: 25%

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NOTE: Of those who said they attend major trade shows, 73% named AMOA/Fun Expo; 24% named ASI; 15% attend the National Bulk Vendors Association (NBVA); and 13% go to IAAPA. About 10% named NAMA, their state shows, Nightclub & Bar Expo, and ATEI.

8. Has the industry consolidation resulted in your company acquiring other routes?

	2004	2003	2002	2001
Yes:	33%	25%	23%	19%

NOTE: We predicted that the number of operators acquiring smaller routes from their competitors would inch upward over the next few years, but this 32% increase is much larger than we've seen in the past few years. Will it continue? Operators who have made the decision to sell probably already have so there could be a slight number of operators selling out, but there should not be another drastic increase in the number of operators buying out other routes.

9. What is the target age of customers in the MAJORITY of your locations?

	2004	2003	2002	2001
12 yrs. & under	4%	5%	8%	6%
13 yrs. - 18 yrs.	15%	11%	11%	19%
Over 18 yrs. Old	37%	42%	41%	33%
All Ages	44%	43%	40%	42%

NOTE: When looking at these numbers, they don't seem to have changed dramatically, but look at those citing the over-18-year-olds as their target age in the majority of their locations. The percentage went from 33% in 2001 to 42% last year, a 27% rise. At the same time, those targeting 13-18-year-olds dropped. This year we see just the opposite: 37% are targeting the over-18-year-old group, a drop of 12% while those targeting the 13-18-year-olds has risen some 36%. It would seem like operators found that the slightly younger group should not be ignored.

10. What is YOUR share of the commission split with the location?

	2004	2003	2002	2001
GAMES				
Under 50%	3%	3%	-0-	6%
50/50	78%	71%	77%	68%
Over 50%	18%	26%	23%	24%
MUSIC				
Under 50%	5%	7%	4%	8%
50/50	61%	54%	52%	65%
Over 50%	34%	39%	44%	27%

NOTE: OK, this should not happen. Operators should be seeking higher commissions, not offering locations more than they had been previously! In 2002 it was so nice to see -0- as the number of operators getting LESS than 50% commissions. However, the following year, 3% said they were getting LESS than 50% commission from their games and that percentage remained the same this time. However, 78%, up from 71% in 2003, admitted to getting only 50%. What happened? Operators deserve more! In music, the numbers are not much better. Those getting 50/50 commission splits rose 13% (from 54% to 61%); it should have dropped. Of course, operators could have other arrangements that would supplement their commissions, such as minimums, etc., but that wasn't part of the question.

11. Do you use the Internet in your business regularly?

	2004	2003	2002	2001
Yes:	57%	64%	65%	54%

12. Do you buy and sell equipment over the Internet?

	2004	2003	2002	2001
Yes:	29%	31%	38%	24%

HOT TOPIC

Would buying direct from manufacturers appeal to operators?

"The thought of buying direct from manufacturers has always appealed to operators believing they would save money by doing so. However, if the manufacturers sell for the same price the distributors sell for then it doesn't matter who you buy equipment from."

"No. We've had a three-tier system working for many years."

"Not when you lose the support of the distributors."

"Yes, because it should lead to lower equipment costs."

"It's just too risky for small operators."

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HOT TOPIC

Would buying direct from manufacturers appeal to operators?

"Not in all cases. Service is a major issue. Distributors will work with their customers. Manufacturers do not."

"No. Distributors add finance and service aspect."

"In a way, yes. The distributors only carry what they want. When we ask for something else, they tell us, sorry."

"No way. It is just trying to get one step closer to taking your location. You can still get a better deal from distributors."

"I would have to think yes."

"Only if the price breaks some along with the machines."

13. Do you rely on manufacturer or distributor Web sites for service, parts, updates, or other information?

	2004	2003	2002	2001
MANUFACTURERS SITES				
Yes:	49%	57%	47%	30%
DISTRIBUTORS				
Yes:	29%	31%	*	*

14. Does your business have its own Web site? E-mail address?

	2004	2003	2002	2001
WEB SITE				
Yes:	29%	27%	40%	39%
E-MAIL ADDRESS				
Yes:	67%	71%	80%	69%

15. Is the Internet having a positive or negative impact on the coin-op industry?

	2004	2003	2002	2001
Positive	35%	37%	41%	25%
Negative	12%	17%	16%	14%
Not sure	52%	46%	43%	61%

16. What Web sites do you visit regularly for business?

NOTE: We wondered about the 52% of operators who are unsure about whether the Internet is having a positive or negative impact on the industry (question #15), and we might find part of the answer in this question. The number one answer operators supplied was eBay, as they did last year. Operators have said in the past that it's too easy to buy equipment on the Internet. Perhaps that's why so many are still unsure about the Internet's impact. However, following eBay, other sites visited regularly include Incredible Technologies, Merit, Ecast, TouchTunes, AMOA, Happ Controls, and Betson.

17. In the past 12 months, how have the following fared?

	2004	2003	2002	2001
COMPETITION				
Increased	26%	28%	26%	32%
Decreased	20%	17%	26%	25%
No change	54%	55%	48%	43%
LOCAL ECONOMY				
Increased	15%	14%	3%	7%
Decreased	57%	61%	77%	61%
No change	28%	25%	20%	32%
YOUR BUSINESS				
Increased	31%	36%	22%	30%
Decreased	42%	42%	52%	39%
No change	27%	22%	27%	31%

18. Are you a member of any association?

	2004	2003	2002	2001
Yes:	72%	74%	70%	75%
WHICH ONES:				
AMOA	79%	85%	78%	75%
State Association	40%	51%	38%	27%
IAAPA	7%	15%	13%	25%
IALEI	4%	7%	9%	17%
NAMA	7%	7%	3%	13%
NBVA	14%	9%	4%	10%
Other	2%	9%	*	*

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HOT TOPIC

Would buying direct from manufacturers appeal to operators?

"Yes. I am tired of having to buy from distributors that compete with operators for good locations. Also, distributors too often push what they can't use on their routes or what they are making the most profit on. Their concern is for themselves, not for operators. Too many (not all) of the distributors have abused operators too much and too long. Now they can suffer the repercussions of their actions."

"For some operators direct from manufacturers would work if technical support was available."

"It's been going on under the table for years."

19. Would you prefer a Master License Fee to a Per-Machine tax?
Yes: 48% No: 34% Unsure: 18%
NOTE: As you can see about 18% of those responding to this question weren't sure what it was. Basically, you buy a master license that covers your equipment and you don't pay taxes on every individual machine. Georgia has this type of Master License.

20. Will the government's plan for a new series (with presidential images) increase the use of the Golden $1 coin?
Yes: 8% No: 42% $1 bills must be eliminated: 50%
NOTE: It's pretty obvious by now that the new Golden $1 coins will be tucked away in a vault somewhere right along with the other dollar coins and forgotten by all but collectors. As you can see, 50% of the operators who responded to this say that nothing will work unless the $1 bills are eliminated completely. Americans like tradition and $1 bills fit into that description and while $1 bills are available, the country can forget about ever having a successful $1 coin. Haven't we learned that yet? It's not the image on the coin, it's the $1 bills that are holding it back.

21. Are your local legislators aware of coin-op industry issues?
Yes: 37% No: 63%

22. Are you seeking financing for your equipment from sources other than a distributor?
Yes: 43% (78% cited banks as a source)

23. Is the distributors' role in the industry diminishing?

	2004	2003	2002	2001
Yes:	40%	41%	57%	46%
No:	29%	33%	20%	26%
Unsure:	30%	26%	23%	28%

24. Are you utilizing any type of online tournament or contest?

	2004	2003	2002	2001
Yes:	42%	49%	30%	26%
No:	58%	51%	57%	63%

NOTE: Of those who answered that they are utilizing online tournaments, the majority (51%) named Incredible Technologies; Global VR and Merit were also named.

25. What is your annual budget for new game purchases?

	2004	2003	2002	2001
Dollar Amount				
(14% of operators)	$90,000 avg.	$100,000 avg.	$146,000 avg.	$135,000 avg.
Percent of Gross				
(19% of operators)	20% avg.	20% avg.	19% avg.	24% avg.
Buy equipment as needed	66%	52%	46%	48%

26. Are there PC Game Centers in your area?

	2004	2003
Yes:	42%	31%

27. Are you inclined to add digital downloading jukeboxes to your route now that there are more manufacturer choices?
Yes: 53% No: 42% Maybe: 4%

28. Are you using a debit card system for your games?
Yes: 7% No: 93%
NOTE: Last year we asked operators if they were READY to use a debit card system and 19% said they were. However, that is not reflected in the 7% this time who say they are now using a debit card system for their games. That percentage is predicted to increase as operators opt to add these systems.

29. Do games that use Player Cards to retain statistics generate more play?

	2004	2003
Yes:	36%	43%
No:	52%	51%
Unsure:	12%	6%

Video Games

Dedicated Video Games	2004	2003	2002	2001
Average Weekly Gross:	$122	$101	$90	$94
Average # Per Operator:	125	104	114	133
Total # On Location:	352,000	294,000	321,000	371,000
Total Annual Revenue:	$2.2 billion	$1.5 billion	$1.5 billion	$1.8 billion
Total New Purchases:	28,000	30,000	23,000	38,000

Kits	2004	2003	2002	2001
Average Weekly Gross:	$80	$58	$52	$59
Average # Per Operator:	67	75	90	70
Total # On Location:	188,000	212,000	226,000	195,000
Total Annual Revenue:	$782 million	$639 million	$611 million	$598 million
Total New Purchases:	22,000	17,000	26,000	25,000

Simulators	2004	2003	2002	2001
Average Weekly Gross:	$176	$146	$164	$160
Average # Per Operator:	22	23	32	37
Total # On Location:	62,000	65,000	90,000	103,000
Total Annual Revenue:	$567 million	$493 million	$767 million	$856 million
Total New Purchases:	5,100	8,500	6,000	8,100

What percent of your total business is video games?

	2004	2003	2002	2001
Overall Average	45%	44%	44%	42%
Average in FECs	33%	26%	21%	27%
Average in street routes	45%	40%	42%	44%
Average in arcades	57%	70%	*	*

Did you buy more or less USED video games in the last 12 months?

	2004	2003	2002	2001
More	28%	44%	35%	33%
Fewer	27%	24%	15%	31%
No change	21%	16%	27%	20%
None	25%	19%	23%	16%

Did you buy BRAND-NEW video games in the last 12 months?
(This is the percentage of operators who purchased **NO** brand-new videos.)

	2004	2003	2002	2001
Dedicated	17%	17%	30%	28%
Kits	22%	33%	33%	25%
Deluxe Simulators	55%	42%	61%	48%

* We always ask operators if they have a surplus of video game cabinets, figuring that if there are enough cabinets ripe for a brand-new kit manufacturers would focus in that direction. Last year 41% said they have a surplus, while this time that percentage remained close at 47%.

Do you use posters or other materials in your locations that explain the industry's Parental Advisory System (PAS)?

Yes: 25% No: 75%

NOTE: This is terrible! While we were hoping and even predicted that more operators would be conscientious about using posters and other materials that explain the Parental Advisory System (PAS), it looks like FEWER are taking advantage of the resources. Last year 35% indicated they were using PAS materials, while this time that number DROPPED 29% to just 25%. The industry has failed miserably on the government's annual report card and the associations have been diligent in emphasizing that the entire industry must share in the crusade to inform and enlighten parents as to what we are doing to make sure kids are not exposed unintentionally to inappropriate games. The manufacturers are cooperating by installing the PAS sticker into attract modes, but operators still can't be complacent and think that's all that needs to be done. Let's see that percentage jump considerably next year.

Continued on page 72

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HOT TOPIC

Would buying direct from manufacturers appeal to operators?

"Distributors are needed to provide local service."

"Yes, but it will never replace the roles of distributors."

"Yes. I do it now."

"Yes, if I can get a better price and good service response on parts."

"Low-end products should be sold direct. However, high end equipment has to have distributor support because the average operator cannot provide PCB repairs."

"No because there are too many people you'd have to deal with."

STATE OF THE industry report

HOT TOPIC

Would buying direct from manufacturers appeal to operators?

"No! I like and need my distributors. Manufacturers have no clue what the 'street' business is like."

"Yes, eliminate the middle man and lower the purchase price. Distributors are not consistent with prices or supply."

"No. We need distributors for support."

"Yes. The need for the proper information about the product is important."

"Only if it would be cheaper."

Video Games *(continued from page 71)*

Has the controversy over violence in video games influenced your game purchases?

Yes: 38%
No: 63%

Do you still charge 25 cents per play on any of your video games?

	2004	2003	2002	2001
NEW games (no)	85%	90%	81%	82%
OLD games (no)	18%	16%	8%	19%

As expected, fewer and fewer operators are still clinging to the 25-cent play mentality on new games. Just 15% have their new games set on 25-cent play, but there is still that much-too-high 82% of operators who still charge 25 cents on older games.

Pool Tables

	2004	2003	2002	2001
Average Weekly Gross:	$83	$95	$91	$93
Average # Per Operator:	48	42	41	45
Total # On Location:	115,000	100,000	98,000	97,000
Total Annual Revenue:	$496 million	$494 million	$464 million	$469 million
Total New Purchases:	8,500	13,000	8,000	6,200

80% Operate Pool Tables

Do you run leagues on some or all of your pool tables?

	2004	2003	2002	2001
No:	54%	64%	74%	69%
Yes:	46%	%	%	%

NOTE: Of the 46% of those who run leagues on some or all of their pool tables, 67% of them operate leagues on over half of their tables.

Did you buy brand-new pool tables in the last 12 months?

	2004	2003	2002	2001
Yes:	59%	63%	48%	48%

What is the average life-span of your pool tables?

	2004	2003	2002	2001
10 yrs. and over	90%	84%	78%	72%
Under 10 yrs.	10%	16%	22%	28%

NOTE: Pool tables have always been a staple of street operators' routes and are now found in a variety of locations including arcades and FECs. Long life spans have made them even more attractive to operators. The life span averages 14 years; 90% said they keep their tables on location 10 years or longer, which is 7% more than last time. Just 10% said their tables have a life span of under 10 years and those were more likely in FECs or arcades. Last time it was interesting to note that one operator said his pool tables last "forever." This time someone said they have a life span of 100 years. Either way it's a long, long time!

How much are you charging per play on your pool tables?

	2004	2003	2002	2001
$1 or more	46%	48%	33%	29%
75 cents	39%	47%	42%	50%
50 cents	15%	31%	25%	21%

We used to get several operators who told us they still charged 25 cents on their pool tables, but we haven't had that response in several years now. We are, however, beginning to have operators write in amounts more than $1, such as $1.50 and $2. Some are charging hourly fees which are in the $10 range, up from an average of $6.75.

Are more of your locations opting to buy their own pool tables?

Yes: 52%
No: 48%

HOT TOPIC

Would buying direct from manufacturers appeal to operators?

"Yes, but to save money on the purchase price would be the only advantage. If doing so causes the distributors (local) to go out of business we lose."

"Yes, if parts would be available and if it would save us substantially."

"It might work, depending on tech support and parts availability. I do prefer distributors to act as a buffer and sometimes consultant."

"Only if the price was lower."

Cranes & Rotaries

Cranes	**2004**	**2003**	**2002**	**2001**
Average Weekly Gross:	$101	$132	$113	$117
Average # Per Operator	18	20	24	18
Total # on Location:	41,000	45,000	54,000	42,000
Total Annual Revenue:	$215 million	$309 million	$317 million	$255 million
Total New Purchases:	6,200	7,500	7,000	6,000

Rotaries	**2004**	**2003**	**2002**	**2001**
Average Weekly Gross:	$92	$105	$110	$116
Average # Per Operator	8	5	5	5
Total # On Location:	4,200	3,000	3,500	4,000
Annual Gross Revenue:	$20 million	$16.4 million	$20 million	$24 million
Total New Purchases:	400	200	300	600

76% Operate Cranes

17% Operate Rotaries

Did you buy brand-new cranes in the last 12 months?

	2004	**2003**	**2002**	**2001**
Yes:	54%	42%	41%	53%

Did you buy brand-new rotaries in the last 12 months?

	2004	**2003**	**2002**	**2001**
Yes:	39%	19%	17%	21%

What are your most popular prizes?

The majority of crane operators continue to cite plush as their most popular prizes. Other responses to the question included (in the order of responses): anything licensed, watches, toys, sports items, candy, jewelry, and movie-related merchandise.

Redemption/Novelty

	2004	**2003**	**2002**	**2001**
Average Weekly Gross:	$134	$202	$192	$191
Average # Per Operator:	42	73	68	76
Total # On Location:	73,000	108,000	116,000	128,000
Total Annual Revenue:	$509 million	$1.1 billion	$1.2 billion	$1.3 billion
Total New Purchases:	10,000	9,000	12,000	16,000

57% Operate Redemption/Novelty Equipment

Do you operate redemption/novelty equipment in street locations?

	2004	**2003**	**2002**	**2001**
Yes:	74%	48%	52%	44%

Did you buy any brand-new games in the last 12 months?

	2004	**2003**	**2002**	**2001**
Yes:	74%	56%	60%	74%

Have you increased your redemption operations in the last 12 months?

	2004	**2003**	**2002**	**2001**
Yes:	70%	61%	60%	63%

Have you encountered legal problems with redemption equipment in your area?

	2004	**2003**	**2002**	**2001**
Yes:	16%	21%	19%	15%

Do you actually know your local laws regarding redemption equipment?

	2004	**2003**	**2002**	**2001**
Yes:	72%	71%	72%	61%
No:	20%	24%	21%	*
Rely on what other operators tell me	8%	5%	7%	*

Jukeboxes

CD Jukeboxes	2004	2003	2002	2001
Average Weekly Gross:	$102	$101	$105	$103
Average # Per Operator:	45	38	37	48
Total # On Location:	98,000	87,000	80,000	94,000
Total Annual Revenue:	$519 million	$457 million	$437 million	$503 million
Total New Purchases:	4,000	3,400	4,100	6,300

45s	2004	2003	2002	2001
Average Weekly Gross:	$36	$33	$33	$35
Average # Per Operator:	9	13	12	15
Total # On Location:	7,000	11,000	13,000	15,000
Total Annual Revenue:	$13 million	$19 million	$22 million	$27 million

Download	2004	2003	2002	2001
Average Weekly Gross:	$234	$204	$172	$172
Average # Per Operator:	14	17	7	5
Total # On Location:	16,000	15,000	6,000	4,000
Total Annual Revenue:	$195 million	$159 million	$54 million	$36 million

73% Operate Jukeboxes

This percentage is up from 72% last year and from just 65% the previous year. Of those operating jukeboxes, 33% still operate 45 rpm jukeboxes and 53% operate digital downloading jukeboxes.

How long do you think it will be before downloaded music is the norm and not the exception?

	2004	2003	2002	2001
2 yrs. or less	29%	26%	26%	14%
5 yrs. or more	55%	64%	62%	61%
Never	15%	11%	12%	25%

Last year we thought it was surprising to find that 11% of operators believed that digital downloading music would never replace CDs as the norm. What's even more surprising is that this year that percentage was even higher at 15%. Also, some 55% believe that it will be five years or more before downloaded music is the normal way of providing music to locations. Although that might seem high, last time 64% thought it would be five years or more. A higher percentage of operators indicated that they thought in two years or less, downloading music will be the norm.

Bulk Vending

Regular	2004	2003	2002
Average MONTHLY Gross:	$66	*	$8
Average # Per Operator:	309	*	119
Total # On Location:	380,000	*	114,000
Total Annual Revenue:	$301 million	*	$219 million

Electronic	2004	2003	2002
Average MONTHLY Gross:	$116	*	*
Average # Per Operator:	8	*	*
Total # On Location:	10,000	*	*
Total Annual Revenue:	$14 million	*	*

41% Operate Bulk Vending Machines

Did the jewelry recall affect your business?

Yes: 37%

Do you operate full-line vending?

Yes: 25%

Of those who operate full-line vending snack, drink, coffee, and ATM machines were named.

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HOT TOPIC

Are you inclined to add digital downloading jukeboxes to your route now that there are more manufacturer choices?

53% said they would be more inclined. Here are some comments.

"It's still too expensive and I don't want a partner."

"I'm thinking about it."

"It just would not work in my locations."

"Possibly, but we do not like someone's hand in our pockets."

"No because of the cost and economy."

"There aren't too many good jukebox locations left."

"No. We don't need another partner."

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HOT TOPIC

Are you inclined to add digital downloading jukeboxes to your route now that there are more manufacturer choices?

"Too much $."

"I'm working on it."

"ROI is not there."

"I'll probably do it soon."

"No. I am not giving ASCAP 20 percent off the top."

"Never."

"Yes, a leader has emerged and success is consistent."

"I don't like being the third party."

"I like hard copy of the music."

"Maybe."

Pinball

	2004	2003	2002	2001
Average Weekly Gross:	$48	$48	$59	$52
Average # Per Operator:	19	18	24	22
Total # On Location:	45,000	38,000	57,000	56,000
Annual Gross Revenue:	$112 million	$95 million	$174 million	$151 million

79% Operate Pinball Machines

Has the value of your older pins risen?

	2004	2003	2002	2001
Yes:	74%	69%	78%	73%

Do you sell pinball machines to the home market?

	2004	2003	2002
Yes:	58%	61%	73%

Electronic Darts

	2004	2003	2002	2001
Average Weekly Gross:	$36	$34	$37	$28
Average # Per Operator:	43	32	29	45
Total # On Location:	70,000	54,000	49,000	65,000
Total Annual Revenue:	$131 million	$96 million	$94 million	$94 million
Total New:	8,000	6,000	2,700	2,400

54% Operate Electronic Darts

Do you run leagues on your dart machines?

	2004	2003	2002
No Leagues	49%	49%	59%
On All My Machines	9%	12%	11%
On Some Machines	31%	39%	22%

Have you purchased new electronic dart games in the last 12 months?

	2004	2003	2002
Yes:	44%	36%	27%

Shuffleboards

	2004	2003	2002	2001
Average Weekly Gross:	$30	$31	$30	$29
Average # Per Operator:	5	3	5	5
Total # On Location:	4,200	2,600	3,000	2,300
Total Annual Revenue:	$6.5 million	$4.2 million	$4.6 million	$3.4 million
Total New Purchases:	250	200	220	–

28% Operate Shuffleboards

This percentage has been on the rise: 27% last year and just 22% the previous year)

Did you buy new shuffleboards in the last 12 months?

	2004	2003	2002
Yes:	15%	15%	14%

Back in 2001 not one of the operators responding to our survey said they bought new shuffleboards. Ever since, the percentage of those indicating they bought new shuffleboards has increased or remained the same: 14% in 2002 and 15% last year and this time.

STATE OF THE industry report

HOT TOPIC

Are you inclined to add digital downloading jukeboxes to your route now that there are more manufacturer choices?

"No because there is no demand."

"No. Too many hands in my pocket."

"The return on investment is too low."

"It's not the manufacturers' choices, it's the choice of so much downloadable music."

"I'm waiting for SACD or DVD CDs."

"It's the future of jukeboxes in high-end locations; maybe in all locations."

"It's not helping my business."

Foosball

	2004	2003	2002	2001
Average Weekly Gross:	$25	$26	$26	$29
Average # Per Operator:	8	7	8	8
Total # On Location:	13,000	10,000	12,000	10,000
Total Annual Revenue:	$17 million	$13.5 million	$16 million	$15 million
Total New Purchases:	1,000	1,200	1,000	900

53% Operate Foosball Tables

Do you run leagues on your foosball tables?

	2004	2003	2002
No:	95%	95%	*
Run leagues on some:	5%	5%	*

Did you purchase brand-new foosball tables in the last 12 months?

	2004	2003	2002
Yes:	44%	20%	*

This looks good for foosball: 53% said they operate foosball, up considerably from the 46% last year. Also, 44% said they bought new foosball games, up from just 20% last year.

Air Hockey

	2004	2003	2002	2001
Average Weekly Gross:	$83	$118	$86	$87
Average # Per Operator:	7	10	8	7
Total # On Location:	13,000	15,000	15,000	15,000
Total Annual Revenue:	56 million	$92 million	$67 million	$67 million
Total New Purchases:	2,400	3,000	2,400	1,700

59% Operate Air Hockey Tables

Did you buy new air hockey tables in the last 12 months?

	2004	2003	2002
Yes:	45%	35%	43%

Kiddie Rides

	2004	2003	2002	2001
Average Weekly Gross:	$43	$41	$41	$48
Average # Per Operator:	9	7	9	7
Total # On Location:	9,000	7,200	11,000	9,000
Total Annual Revenue:	$20 million	$15.3 million	$23 million	$22 million
Total New Purchases:	700	1,500	2,000	900

33% Operate Kiddie Rides

The percentage of operators with kiddie rides on their routes doesn't vary much from year to year; it's down just slightly this time. What is significant, however, is the drop in the number of operators who bought new kiddie rides. As you can see, last year 34% indicated they bought new equipment, while that number was down 59% to just 14% this time.

Did you buy brand-new kiddie rides in the last 12 months?

	2004	2003	2002
Yes:	14%	34%	19%

Countertops/Touchscreens

	2004	2003	2002	2001
Average Weekly Gross:	$92	$89	$119	$147
Average # Per Operator:	56	42	48	43
Total # On Location:	146,000	102,000	112,000	94,000
Annual Gross Revenue:	$698 miliion	$472 million	$693 million	$718 million
Total New Purchases:	20,000	25,000	23,000	30,000

87% Operate Countertop/Touch Screen Games

This number is rising every year. It has gone from 81% last year and from 78% the previous year.

Did you buy brand-new countertop/touch screen games in the last 12 months?

	2004	2003	2002	2001
Yes:	87%	92%	74%	92%

8-Lines & Video Poker

8-Lines	2004	2003	2002	2001
Average Weekly Gross:	$255	$223	$293	$316
Average # Per Operator:	95	35	41	44
Total # On Location:	51,000	16,000	16,000	23,000
Total Annual Revenue:	$756 million	$185 million	$243 million	$377 million

Video Poker	2004	2003	2002	2001
Average Weekly Gross:	$314	$280	$257	$291
Average # Per Operator:	106	22	43	35
Total # On Location:	57,000	7,300	22,000	16,000
Total Annual Revenue:	$931 million	$106 million	$294 million	$242 million

18% Operate 8-Lines

18% Operate Video Poker Machines

Is law enforcement cracking down on these types of machines in your area?

	2004	2003	2002
Yes:	70%	73%	77%

Cigarette Vending

	2004	2003	2002	2001
Average Weekly Gross:	$148	$125	$155	$179
Average # Per Operator:	29	20	28	60
Total # On Location:	26,000	20,000	23,000	29,000
Total Annual Revenue:	$200 million	$130 million	$185 million	$269 million

30% Operate Cigarette Machines

This is a category of equipment that has a life of its own. While three years ago only 16% of those answering the survey said they operate cigarette vending machines that number rose to 33% last year and remained fairly steady at 30% this time. Cigarette vending was once a cash cow for coin machine operators but social stigmas on smoking, government imposed bans on smoking, and even more movements to get rid of the once accepted practice, is making smoking anywhere less acceptable and operating cigarette vending machines a challenge. However, with Wurlitzer now offering a brand-new machine and some operators wanting to accommodate their locations who are unwilling to give up the revenue, it is still adding significant revenue to operators' bottom line. The question is: How long will operating cigarette machines be viable?

97% bought no new machines

STATE OF THE industry report

HOT TOPIC

Are you inclined to add digital downloading jukeboxes to your route now that there are more manufacturer choices?

"No, because of the cost."

"I'm just not ready."

"Not at this time."

"Yes, we will probably try one."

"No. There is too much expense and set up complications."

"No. Not until the deal is changed."

"I'm not familiar with what is available."

"We don't need it yet."

"It's all I buy when I buy new jukeboxes."