

# INTERNATIONAL BOWLING INDUSTRY

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## GETTING THE GOODS

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# GETTING THE GOODS

By Jim Goodwin

**L**ike everything else in bowling, the product distribution system that has been serving bowling centers for more than a century has changed. Some say downsized, while others choose streamlined. You can pick the term you like, especially over the past three decades. Thirty years ago, in 1985, there were over 50 product distribution companies, most of them mom-and-pop businesses serving local communities and regions, small and large. Today, there is a much smaller number. What happened? And is smaller better?

There is no simple answer. These primarily wholesale businesses, as a group, did what all businesses in America have done. Bowling centers, pro shops and other bowling-related shops have endured some tough economic climates; a rapidly changing culture that has been shaped by the Internet and social media; migrating demographics; and other factors that have caused many once-thriving entrepreneurs to close their doors, sell to a larger competitor, or embrace new technology and techniques and hang on until the environment and conditions swing back in their favor.

Everyone in the bowling business has made adjustments based on the evolution of a completely different customer model than the one that existed in the 1980s. For a half-century or more before 1980, Americans lived through a great depression, world wars, an industrial revolution, and a huge transition from rural to suburban lifestyles.

When the invention of the automatic pinsetter made bowling one of America's favorite activities in the 1950s, people could not get enough of it. Millions flocked to a newly reinvented game that catered to families, and millions more joined leagues, making

the American Bowling Congress and the Women's International Bowling Congress very powerful membership organizations.

More and more serious bowlers meant more and more bowling balls, bags, shoes and accessories; and more capital equipment sales of lanes, pinsetters, and related equipment. Older manufacturing companies like Brunswick, AMF and Ebonite found new life, and new companies like Columbia and a few others were born to share in the wealth when plastic balls hit the market around 1960.

The rise of professional bowling also had a major impact on bowling ball sales. When the PBA tour became one of the most popular sports shows on television from the 1960s into the 1990s, fans flocked to pro shops to buy the balls the pros used to win the tournaments. The effect was similar for the Ladies Pro Bowlers Tour, which became the Professional Women's Bowling Association (PWBA) in 1997.

In the late 1980s and early 90s, as technology reached new levels, more companies like Storm, Turbo and a few more came on the scene, and the focus shifted from family recreation to high performance sport. But the dark cloud that first appeared around 1980 continued to claim competitive league bowlers. Cable television sports diminished the audience of the pro tours. Many centers that were built to accommodate that competitive bowler business model did not survive. The PBA lost its network television contract, and the PWBA ceased operation in 2003 (but made a much-anticipated return this year).

The league bowling membership base dropped from a high mark of almost 10 million in 1980 to less than 1.7 million today. And while bowling still enjoys around 70 million recreational bowlers annually, sales of consumer products like high performance balls have dropped dramatically. The result is a smaller distribution network.

Companies that manufacture and distribute those products were in a pickle. Many of them closed their businesses, and even the big guys had to make major changes. Columbia and its related brands sold to Ebonite. AMF merged with Qubica to form QubicaAMF, which combined the bowling centers and the manufacturing for a time. In 2013, AMF bowling centers were sold to Tom Shannon and Bowlmor, and are now called

## BOWLING EQUIPMENT YOU COUNT ON DELIVERED BY DISTRIBUTORS YOU TRUST.

Bowlmor AMF. Today, the AMF manufacturing branch is solely owned by QubicaAMF. Brunswick, an iconic American company born in 1845, decided to divest itself of bowling completely, also selling its centers to Bowlmor in 2014, and its bowling products division to upstart Blue Arc Investments in 2015. How does all of this affect bowling distributors? It changed the entire landscape. Understanding the history helps tremendously to understand the current state of affairs for those who sell and distribute bowling products.

Perhaps the most valuable service that distributors provide is the ability to inventory the huge volume of bowling balls on the market today, and it is also one of the industry's challenges. "New ball releases are a double edged sword," says Jimmy Land, vice president of operations for Classic Products. "We need the new product introductions to drive sales, but not all new items sell well, if at all. When we gamble wrong on a stocking order for such an item, cash and precious warehouse space are tied up. Managing distribution in our industry has become a very complicated process. Those who are left have had to apply extraordinary judgment and cash management to make it work."

Rather than speculate about the details surrounding the current distributor network, we developed a list of questions to ask a few of them. Some of their answers confirmed what we already knew, and some gave us a better picture of how they operate today and where they are headed tomorrow.

### What is the biggest reason that there are far fewer distributors today than in the past?

**Jeff Mraz, Ace Mitchell:** We have fewer bowling centers to sell to. Some centers have gone out of business and some centers have sold their businesses because their real estate is worth more than their business. Bowlmor AMF is so big they buy direct from our vendors which makes even less centers to sell to.

**Steve Cook, Steve Cook's Bowling Supply Company:** A lot of larger distributors have purchased some of the smaller ones and also smaller mom-and-pop companies just could not keep up with getting the lowest price

to compete with pricing, which is very competitive and low, in my opinion.

**Paul DiLaura, Dilaura Brothers:** I think the biggest reason (and there are many other reasons) is that there is no system of distribution in the U.S.A. There is one in Europe. Because of this, it is literally a 'survival of the fittest' business model. In a shrinking market, and the fact that the larger distributors are able to get the biggest discounts, there are some distributors that just can't keep competing.

### Ron and Kevin Woods, Hudson Bowling Supply:

Everything has changed. We started out 36 years ago when we bought 100 hammers from John Wonders, and it just grew from there. Now there are

much fewer centers, but we still service about 100 centers and pro shops. There just are not as many bowlers today, but our business is still good.

### Jimmy Land and Mike Eid, Classic Bowling Products:

There is no single, predominant reason. But the most significant is a declining market; less centers, less shops, less bowlers — especially league bowlers — have caused the market to shrink. Twenty-five years ago, there were 57 distributors. Amazon represents a considerable threat to all sorts of distribution channels, including bowling's. Their often-stated mission is to take over for retail distribution, and eventually, in many cases, production throughout the world. Most of the manufacturers in our industry have resisted working with Amazon directly, presumably because they



Paul DiLaura



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understand that although Amazon initially approaches a market with the promise of moving product in big numbers, the other side of the coin is that they very expressly expect to devour those with whom they initially partner. A few distributors either are not aware of this threat or have chosen to ignore it for short-term gain. Consequently, a significant portion of the flow of consumer products within our industry has been moved by these distributors, from the pro shops and into the Amazon system.

**Joleen Lawson, LOMAR Bowling Supply:** The first thing that comes to mind is that there are not 10 million sanctioned bowlers who bowl [in] leagues anymore. We have lost 90% of the consumers that used to buy equipment. Taxes are too high. Back in the day, families only needed one income to survive. Now-a-days, two incomes are needed to maintain households and pay their taxes. Just imagine if taxes dropped how much families could afford. This is another topic, but what leads me to this is when we (bowling) had tons of bowlers, look at what tax rates and cost of living were.

### Will the market continue to shrink?

**Mraz:** Some distributors don't have a contingency plan, and they're getting older. Some distributors would like to retire, so I feel it will continue to shrink.

**Cook:** It could grow if there were more purchases, but I see a lot of smaller ones [companies] just closing up.

**DiLaura:** Depending on the economy, and the future of league bowling, it is very likely the number will continue to shrink. It should be noted that some distributors have been absorbed by others, so that even though the number declines, the coverage for the buying consumer remains the same.

**Woods:** Yes, because this is a shrinking industry.

**Land and Eid:** Yes it will. There are not enough customers to support as many as we have now.

**Lawson:** I think it will. I think manufacturers want distribution centers that are based in areas so that they get coverage all over the U.S.A.

### Is there still a need for the mom-and-pop type of distributor?

**Mraz:** I don't think there are any more of the mom-and-pop distributors. Our industry has forced technology on all distributors, and every successful distributor has to keep moving or they can't compete.

**Cook:** No. There is just no way for them to compete.

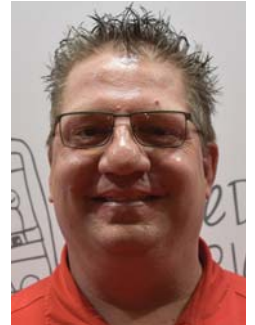
**DiLaura:** No – like in the rest of the business world today, there are hardly any mom-and-pop stores in any business.

**Woods:** Yes, because people still want the personal touch that small companies, like ours, do so well.

**Land and Eid:** All distribution is still very mom-and-pop in style and ownership. There are still lots of deals made with handshakes and promises. If you're referring to technology, I don't think the mom-and-pop type will survive the new purchasing habits of

today's tech savvy customers. We are an instant-information style society now. Everyone has almost any information they need right at their fingertips. If you're referring to the personal relationships that mom-and-pop style forms, then absolutely yes. People like to purchase from people they like. This is the main reason we continue to have a sales force on the road, while most others have eliminated these positions to help control costs. Having the staff on the road is very expensive. We feel that it is important for us to continue this model, as our staff is key to building stronger relationships.

**Lawson:** You know, I am going to answer this one with yes! Think about it. Think how many new products came out in the last six months. Then, think about how they [customers] want one from this company and one from that company, think about the warranties, size exchanges, etc. If they had to go through the order process each time with each manufacturer, they couldn't do it. That's what distributors do and they are very good at it. Also, they are part of this industry that doesn't get a lot of credit. It's not an easy job and there are lots of really good ones that are exceptional at it.



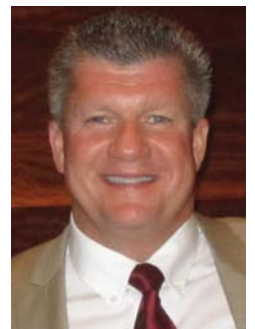
Jimmy Land

### How do you work with internet partners?

**Mraz:** Most distributors have pro shop customers that sell on the Internet through their own site, an Ebay store, an Amazon store, etc. You don't see as many full-time shops as in the past, so consumers tend to go to the Internet for their information and sometimes buy their products there. Some of our shops have become very successful this way.

**DiLaura:** We work with pro shops and bowling centers. They have always been the backbone of our business.

**Woods:** We see some shops buying products on the Internet, but we really don't worry about it too much. Almost all of them still want personal service. We sell in five states, so there is a bit of business on line. We try to keep up with it and stay ahead of it.



Jeff Mraz

**Land and Eid:** This question and the answer are very different than they were as recently as five years ago. At least 50 of our 150 top pro shop customers have adapted and learned to sell on the Internet via retail sites like Ebay or Amazon. We feel an obligation to support their efforts. Often they also maintain their original brick and mortar shop(s). They have found a way to remain viable and profitable by using the Internet to supplement

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their sale of regular as well as closeout product. Several have done a great job of connecting their internet efforts to their shops, thereby driving more business into those shops. We are very strong technologically and have used our knowledge and contacts several times to assist our customers in streamlining their efforts.

**Lawson:** We don't have any partners in this business. We have product in stock, and we ship it to customers who have customers who want to buy it. I know there is talk that a lot of distributors own or are exclusive with a website or Amazon. We are not. I am amazed, however, at how many pro shops and center operators don't really care that their distributor of choice is the main supplier for these sites. It used to be a big deal; they used to care that their throat was getting cut by the distributor who supplied the Internet. Now it doesn't seem to bother them. The manufacturers have flooded the market with so much product, the consumer is confused. So the Internet is the answer. Not really to me, but lots of folks think that way. Everyone is scrambling for any sale they can get because there aren't many sales to be had nowadays.

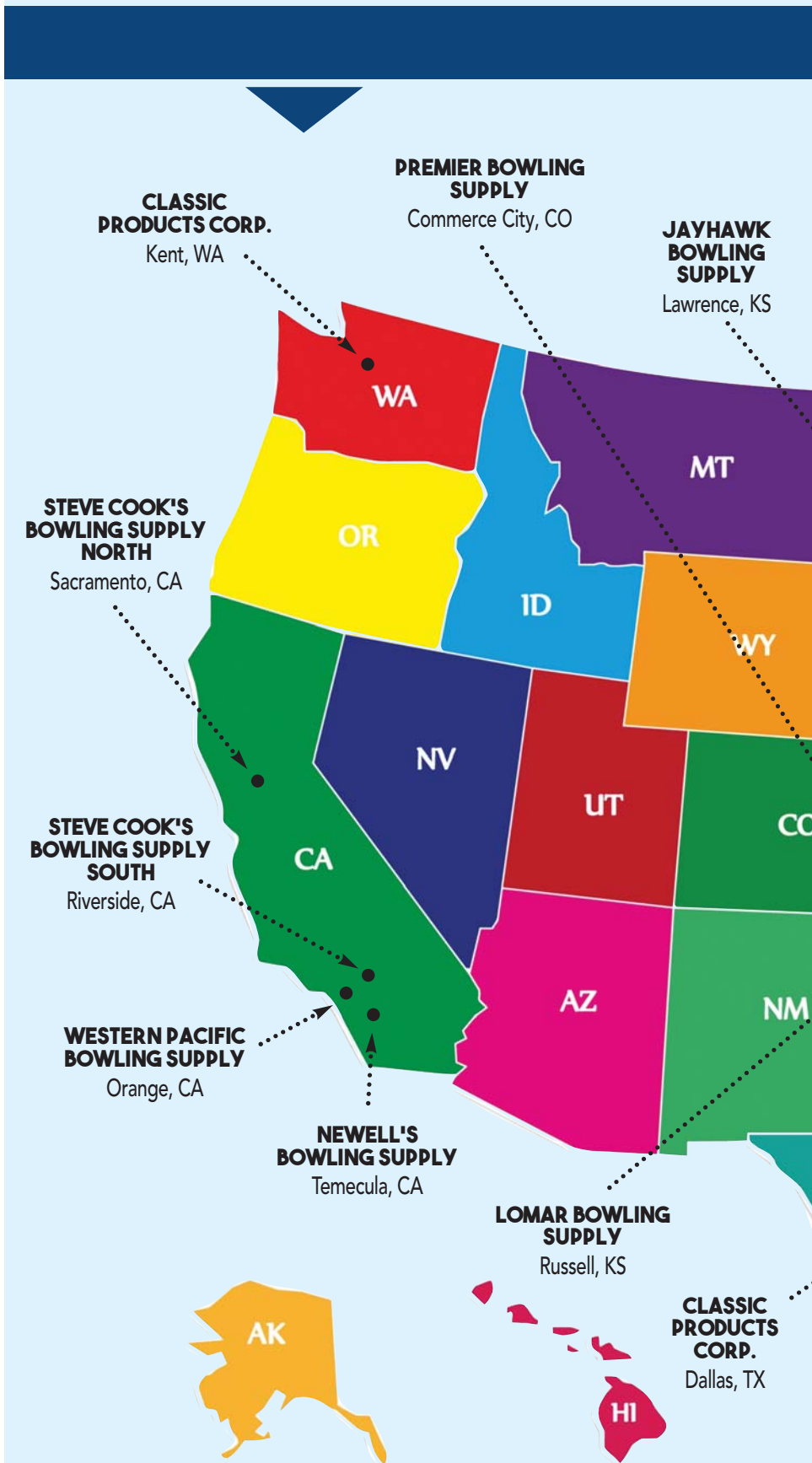
### How do ball companies work with distributors and pro shops?

**Mrasz:** It would be nice if the ball companies asked for more input from the distributors. I'm a huge fan of new bowling balls, but the industry has to slow down. When new balls come out, the old balls slow down or sometimes sit on our shelves until they are closed out at lower margins.

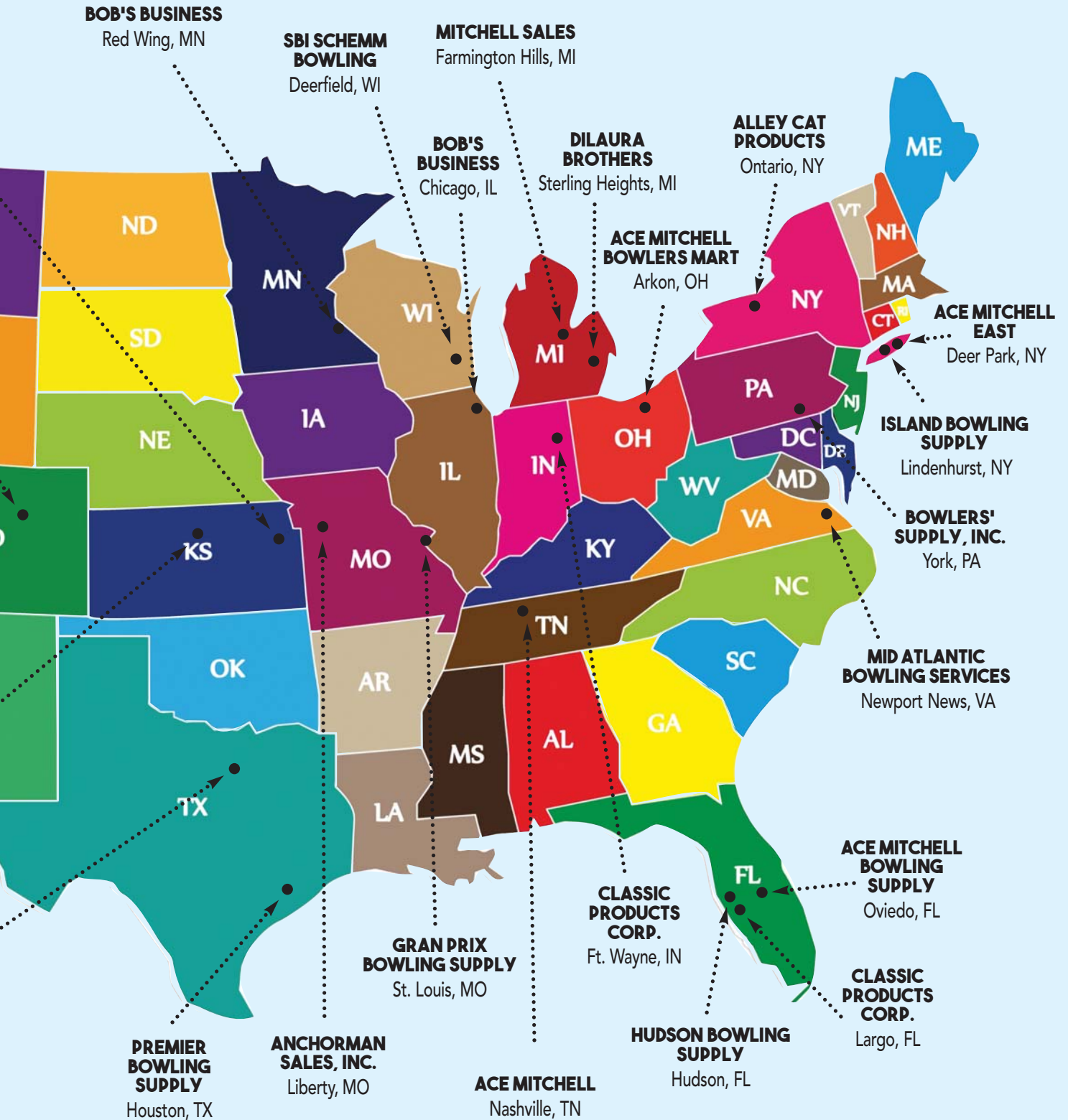
**Cook:** They all work pretty good now with both. There could be a little more one-on-one contact with pro shops. That's the key. They are the ones selling the balls. I just supply them, and I don't favor one company over another.

**DiLaura:** The ball companies make a tremendous effort with both the distributors and the pro shops to increase and encourage sales. However, with fewer balls being purchased by a fewer number of consumers, it creates a problem. The ball companies are trying to keep production numbers healthy with many ball introductions, and we are trying to keep our inventory levels reasonable.

**Woods:** We deal pretty much with every



# DISTRIBUTORS HAVE YOU COVERED





# COVER STORY



Mike Eid

manufacturer. You need to because when people place an order they want 20 different items from 20 different companies; and if we don't have two of them, we might lose the sale, so we try to just carry everything or find a way to get it.

**Land and Eid:** Define the distribution channel and stick to the plan. We have seen an increase in some ball companies selling directly to the end user. This is detrimental to both the distributor and pro shop. There is a service that each of us provides that you don't get when you change

the sales process. The distributor carries deep inventory and has a lot invested in the product lines that the ball companies produce. Distribution is spread out across the nation to provide products in a time frame that customers expect. The pro shop is still the most important piece to this puzzle. Without holes in the ball, it's just a ball. I would like to see ball companies invest more of their resources into the training and educating pro shop staff on how to make each product perform to its potential.

**Lawson:** There are too many ball manufacturing companies. And don't get me wrong, I need competition to stay alive as a



Joleen Lawson

distributor. I bet that all the ball manufacturing facilities in the U.S.A. can make what every company in the U.S. market needs by just going to two shifts. Well, we have too many ball manufacturing facilities. So, ball companies have a huge plant that needs to stay busy and they keep pumping out balls. Markets can't handle that many balls, so the value of products goes down. That hurts us all.

## What percentage of your business is balls, bags and shoes versus capital equipment?

**Mraz:** Our split is 75% consumer, 25% aftermarket.

**Cook:** 100% balls, bags and shoes.

**DiLaura:** The majority of our business is balls, bags and shoes.

**Woods:** We sell inserts, rosin bags, accessories, balls, bags and shoes. Anything at all for the bowler. We don't sell lane machines or capital equipment like some do. We just do consumer goods.

**Land and Eid:** That is the kind of information we don't like to share, and we are not even sure where you would classify what we call aftermarket (pinsetter parts, cleaners and conditioners, house balls and rental shoes). We will say that more than 50% of our sales is consumer products.

**Lawson:** 100% balls, bags and shoes.

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# COVER STORY

## How has marketing changed in recent years?

**Mraz:** Personally, I feel we give too much away. When new 'latest and greatest' balls come into the market, the tendency is to discount them. It seems like we're the only industry to sell the newest available products at a discount when they first come out.

**Cook:** It has just gotten more competitive, with everyone trying to get their piece of the pie.

**DiLaura:** Marketing has changed a lot since the Internet and social media have made their way into all our lives. With new technology, we are able to reach hundreds of customers daily for sales information and new products.

**Woods:** Our business is mainly family, and a couple of more people answering the phone. We call everyone back, and we answer all emails. If something goes wrong, we respond quickly and try our best to take care of it.

**Land and Eid:** Marketing has changed in many avenues in recent years. Direct mail, newspapers, flyer and magazines have all seen declining circulation as Generation X is getting most of their news from their phone, tablet, computer, Facebook and Twitter. We have had to adjust our marketing to reach this new audience. E-mail, Facebook status updates, tweets and good old fashioned door-to-door have been our major forms of marketing

recently. With the way technology is advancing, who knows what the next way will be? But a progressive, evolving customer changes the way they want to be communicated with, and we will be prepared to adjust our style to meet their demands.

**Lawson:** It really hasn't changed. We still call customers once a week and ask them what we can do for them and what they need. That's what we have done for over 50 years. We

have e-mail and e-blasts and a Facebook presence. You can fax, text, call or use our website to order, but basically we do the same thing we have always done which is provide good service at a fair price to our customers and try to represent the manufacturers. We distribute professionally by being product experts on their lines.

### A ball company perspective

In bowling, like almost all industries where consumer products are involved, the distributor is the middle man. They buy products (balls bags, shoes, etc.) from the manufacturers, sell them to the centers and pro shops at a wholesale price, where they are then sold at retail. Some seem to believe that prices would come down if the middle man were eliminated. But it is never quite that simple for many reasons. Dave Symes is the president of Storm Bowling Products, a world leader in high performance balls and other products. He helps us understand why distributors are so important.

"It is true that there are more bowling balls sold online every year, but the distributor network is still a very important part of our strategy," said Symes. "Having outlets throughout the U.S.A. is a very important channel for retailers. They warehouse products at a convenient location allowing pro



Steve Cook



Kevin and Ron Woods

shops to take less risk with inventory. It is vital to us that our products are only one or two days away from a pro shop."

Symes also points out that while Storm and other bowling ball companies sell online and through "e-tailers," distributor inventories are the backbone of the business. "Online retailers have giant (imaginary) inventories, but they, too, work off of the real inventories of distributors. But a lot of people like the convenience of shopping online, so it is important that we are also properly represented at these virtual stores due to the amount of traffic they generate."

And Symes agrees with distributors in saying that the brick and mortar retailers (pro shops) are the most important part of the system. "A bowling ball is an unfinished product. They must be finished (drilled properly) by a local professional (retailer) no matter where they are purchased. We spend a large amount of our resources working with the retailers to enhance their business and educate them on our products and the latest drilling techniques."

Our hope in presenting the challenges faced by bowling's middle men (and women) — distributors — is that they will continue to be a vital part of the resurgence of bowling. Every person we talked to for this article is passionate about not just the business of bowling but also the sport.

The companies not participating in this story have similar success stories – Bowlers Supply Company, Anchorman Sales, Premier Bowling Supply, Gran Prix, Island Bowling Supply, Bob's Business, and Strike 'Em Bowling Supply, and perhaps others – and all perform a vital service for bowling.

Paul Dilaura mentioned the difference between the American and European system of bowling product distribution. With technology leaning more to the international view, we may see a global system in the not too distant future.

But until we find a way to beam bowling balls into bowler's living rooms or directly to pro shops, America's distributors will be needed, and pro shops will continue to appreciate the service and education they provide. ❖



Jim Goodwin is the founder and president of the Bowling News Network and a former president and life member of the International Bowling Media Association.





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