

Confidential Strategic Blueprint

Gaming Lounge Financial Strategy and Profit Optimisation Playbook

An operational roadmap to accelerate break-even, scale ancillary revenue, and maximise unit economics.



Defining the Core Operational Targets

Target Year 3 EBITDA

\$194,000



Driven by aggressive scaling of high-margin ancillary revenue and private event density.

Target Break-Even Date

**February
2027**



Highly sensitive to core session volume and F&B cross-selling acceleration.

Initial CAPEX

\$475,000



Requires dynamic pricing and off-peak utilisation to generate sufficient returns on hardware and build-out.

Anatomy of a Customer Visit and Blended Margins

88.7% True Blended Contribution Margin

Core Gaming Session (85% of total contribution)

- 3-hour session @ \$15/hour = \$45 Revenue.
- Game Licensing Cost = 5% (\$2.25 variable cost) ⚠

**\$53
Total Spend**

Core Gaming Session:	\$45
F&B Sales:	\$8
Total Spend:	\$53

F&B Sales

- Average spend = \$8.
- F&B COGS = 30% (\$2.40 direct cost) ⚠

Margin Compression

- Payment processing fees = 2.5% across all transactions. ⚠

Takeaway: Session revenue drives the highest absolute profit dollars due to minimal variable costs tied to time played.

Modelling Session Price Elasticity and Volume Risk

Raising the current \$1,500 premium session package requires precise volume management among price-sensitive 16-35 year olds.

Visual Math

Current State: 100 sessions @ \$1,500 = \$150,000 Revenue

Target State: Raise price by 10% → New Price: \$1,650

Outcome: 90 sessions @ \$1,650 = \$148,500 Revenue



Critical Threshold:
9.9% Maximum
Tolerable Volume Drop.

- Revenue remains flat only if volume drops exactly 10%.
- Dropping below 90 sessions results in a net financial loss.
- High churn spikes customer acquisition costs, killing long-term community adoption.

F&B Upsell Velocity: The Faster Path to Break-Even

F&B margin upside offers a quicker path to covering fixed overhead than risking volume erosion from hourly rate hikes.



Current Baseline Data

- Total Sessions: 25,000
- F&B Revenue: \$120,000
- Average Spend Per Visit: \$4.80

Target Goal

- Target: +\$50,000 Annual F&B Profit Lift.
- Impact: Immediately reduces the required volume growth needed elsewhere.
- Tactic: Bundle premium snacks/drinks with day passes to increase check size.

Strategy 1: Optimise F&B Cost of Goods Sold

Target: Cost Reduction

The Goal: Drop F&B/Merchandise COGS from 70% down to 68% in Year 2
(Long-term goal: 62%).



Visual Math - Margin Impact

- Monthly F&B Sales: \$50,000
- 2% COGS Reduction → +\$1,000 direct gross margin dollars banked.
- **Benefit:** Delivers profit without requiring higher session volume.

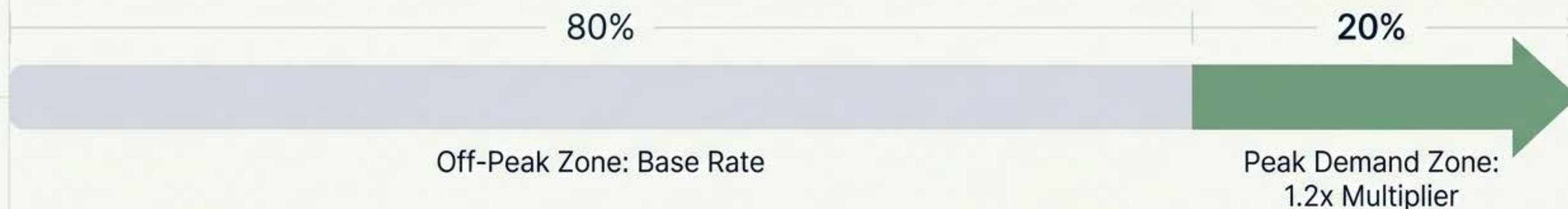
Execution Tactics

- ✓ Aggressive procurement and vendor consolidation for unit pricing leverage (sodas, energy drinks).
- ✓ Audit portion sizes for consistency.
- ✓ Reduce spoilage through improved inventory rotation.

Strategy 2: Implement Tiered Session Pricing

↑ Target: Margin Lift

The Concept: Segment supply. Stop selling every hour the same way. Map utilisation rates against the clock to **identify peak hours** and high-demand equipment.



Pricing Execution

- Aggressively price the top 20% of peak demand slots.
- Test premium multipliers (e.g., 1.2x on the \$1500 baseline).
- Protect the off-peak base rate to prevent churn.

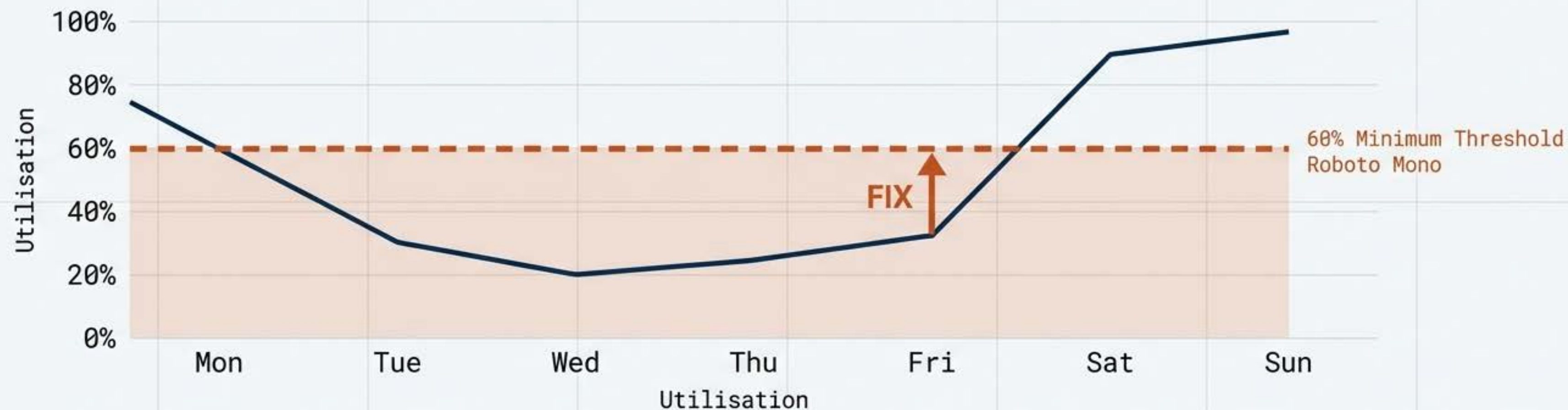
The Bottom Line Impact

- Shift just **30%** of volume to a 20% premium tier.
- Average Session Price (ASP) jumps from **\$1,500** to **\$1,560**.
- **Result:** Pure margin flowing to the bottom line without adding a single new customer.

Strategy 3: Drive Off-Peak Utilisation

↑ Target: Volume Growth

The **Capital Constraint**: High-cost assets (part of the \$475k CAPEX covering premium hardware, chairs, network, licenses) cannot sit idle Monday to Thursday afternoon.

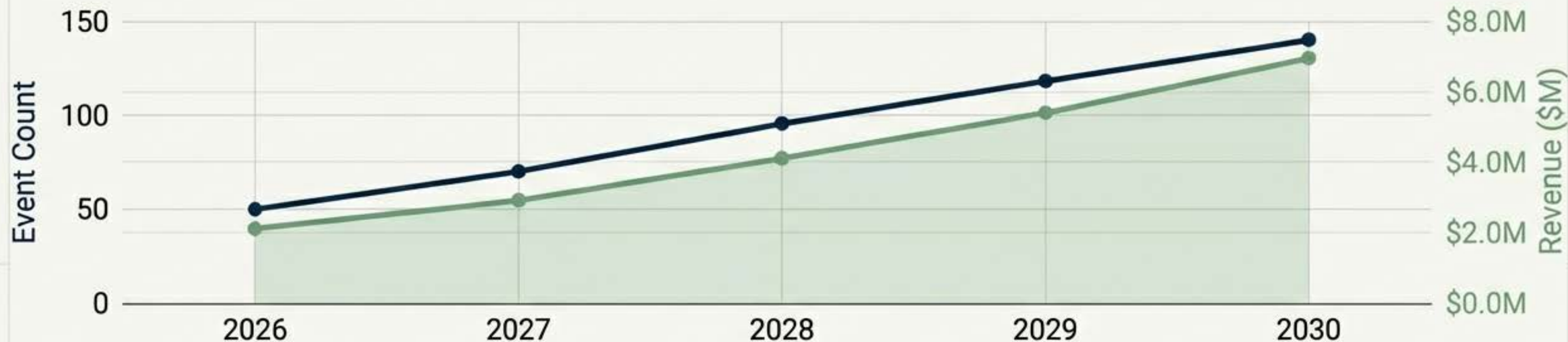


Execution Tactics

- Implement 25% to 35% discounts for off-peak access.
- Test 3-hour off-peak bundles and link discounts to membership sign-ups.
- Rule: Avoid deep discounts below variable cost; cover marginal costs plus a little extra.

Strategy 4: Aggressively Scale Private Events

↑ Target: Predictable Revenue



The Growth Target

- 2026 Baseline: **50 Events**
- 2030 Goal: **140 Events**

The Revenue Math

140 Target Events × \$50,000
Average Price Point (APP) =
\$7,000,000 Annual
Stream Revenue.

Sales Execution Risk



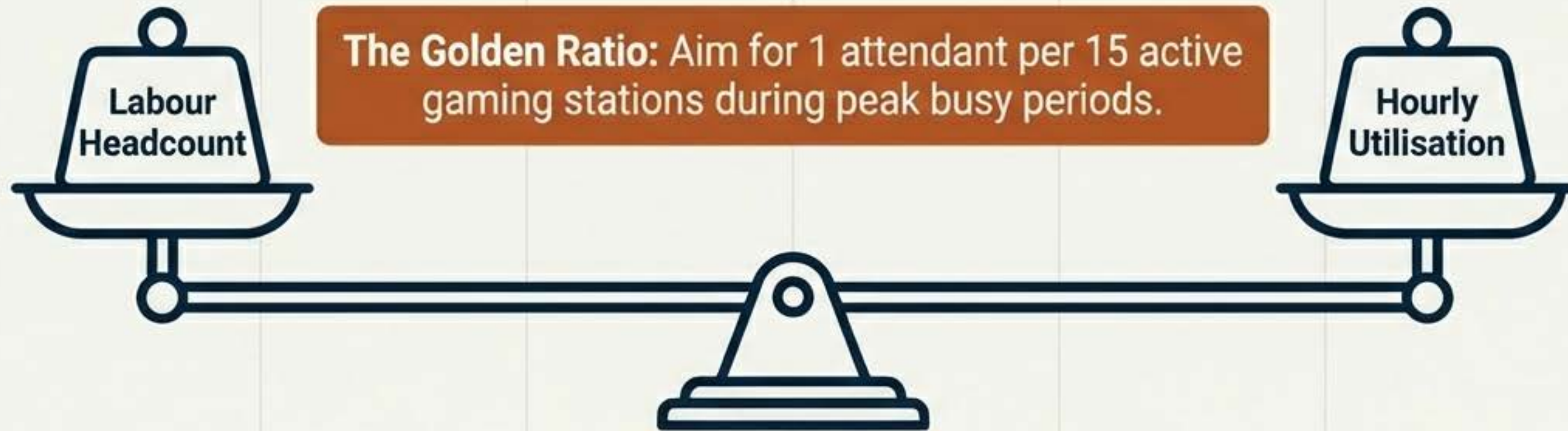
- Large bookings require dedicated follow-up.
- If onboarding/contracting takes **14+ days, churn risk rises.**

Strategic Value: Securing **\$7M** in committed revenue offsets the volatility of hourly session bookings and smooths cash flow to manage the **\$475k** CAPEX.

Strategy 5: Improve Labour Scheduling Efficiency

↑ Target: Cost Control

The **Scaling Challenge**: Expanding from 55 FTEs (2026) to 130 FTEs (2030). This 75 FTE increase must be justified by projected utilisation rate increases, not building size.



Dynamic Scheduling Rules

- Tie every new hire directly to demonstrable demand drivers.
- Avoid hiring salaried managers solely to cover fixed overhead expectations.
- Utilise part-time/on-call rosters for weekend tournaments and Friday peaks.
- Reduce floor staff immediately mid-week if F&B volume drops.

Quantifying and Preventing F&B Leakage

The Core Problem: High-margin F&B sales are lost when service windows are too slow for engaged gamers. PC station utilisation hitting 90%+ indicates a service bottleneck, not a hardware limit.



The Cost of Understaffing

- Missed Peak Orders: **50**
- F&B Average Order Value (AOV): **\$15**
- **Daily Revenue Lost: \$750** (Lost daily during 6 PM - 10 PM shifts)

The Solution: Add flexible, part-time staff dedicated exclusively to drinks and snacks during the 6 PM - 10 PM peak shifts to unlock higher revenue per square foot.

Strategy 6: Optimise Marketing Spend Percentage

↑ Target: Margin Lift



**Phase 1:
Launch**
(70% of
Revenue)



Paid Ads

Aggressive customer acquisition (paid digital ads, influencer fees, launch events) to fill premium PCs and drive initial F&B sales.



**Phase 2:
Maturity**
(Target: 50% of
Revenue)



Community/Organic

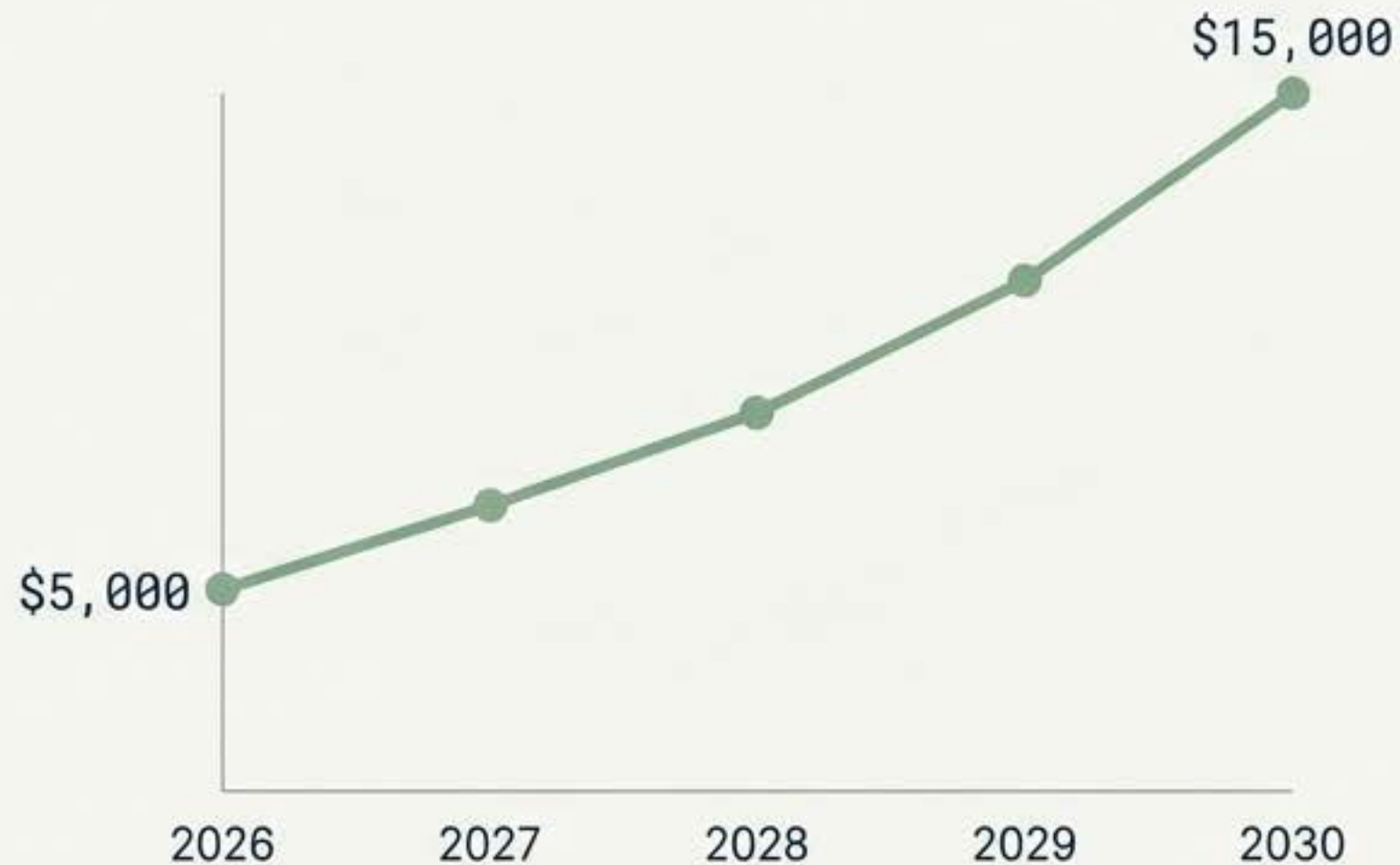
Shift budget toward organic growth drivers to naturally lower Customer Acquisition Cost (CAC). Host high-visibility tournaments and exclusive game launch events. Drive repeat visits via memberships.

Critical Risk Callout: Prematurely cutting paid spend before memberships stabilise risks dropping session volume below the CAPEX break-even point.

Strategy 7: Expand High-Margin Local Sponsorships

↑ Target: Revenue Diversification

The Growth Mandate: Grow local sponsorship revenue from \$5,000 in 2026 to \$15,000 by 2030.



Margin Impact

Inherently high-margin with minimal variable costs compared to F&B (which runs at 68% COGS). Every dollar offsets fixed overhead directly. Roboto Mono: 31%.

Execution Playbook

- Focus on local businesses (e.g., pizza shops, tech retailers). Avoid national deals early on due to high overhead.
- Sell physical ad space (rig signage, tournament naming rights).
- Benchmark goal: Secure one small, recurring local deal per quarter.

The 2026 to 2030 Growth Trajectory

	2026	2030
Private Events	50	140
Event Revenue	-	Scales to \$7.0M
Labour (FTEs)	55 total (inc. 20 Gaming Attendants)	130 total
Marketing Spend	70% of revenue	50% of revenue
Local Sponsorships	\$5,000	\$15,000

Sustainable scaling relies on balancing aggressive event growth with rigorous management of variable labour and marketing costs.

Execution Summary: Accelerating Break-Even



Maximise Ancillary Margins: Prioritise reducing F&B COGS toward the 62% long-term goal and upselling to increase the \$4.80 average spend.



Implement Segmented Pricing: Protect the core community while capturing premium revenue through tiered pricing on the top 20% of peak slots.



Dynamic Labour Allocation: Treat labour as a variable cost; tie staffing to hourly ticket sales and prevent the \$750/day F&B leakage during peak hours.



Lock-in Predictable Revenue: Aggressively scale private events to offset hourly volatility and protect the return on the \$475k initial CAPEX.

Long-term growth depends on community adoption, not just Average Transaction Value.