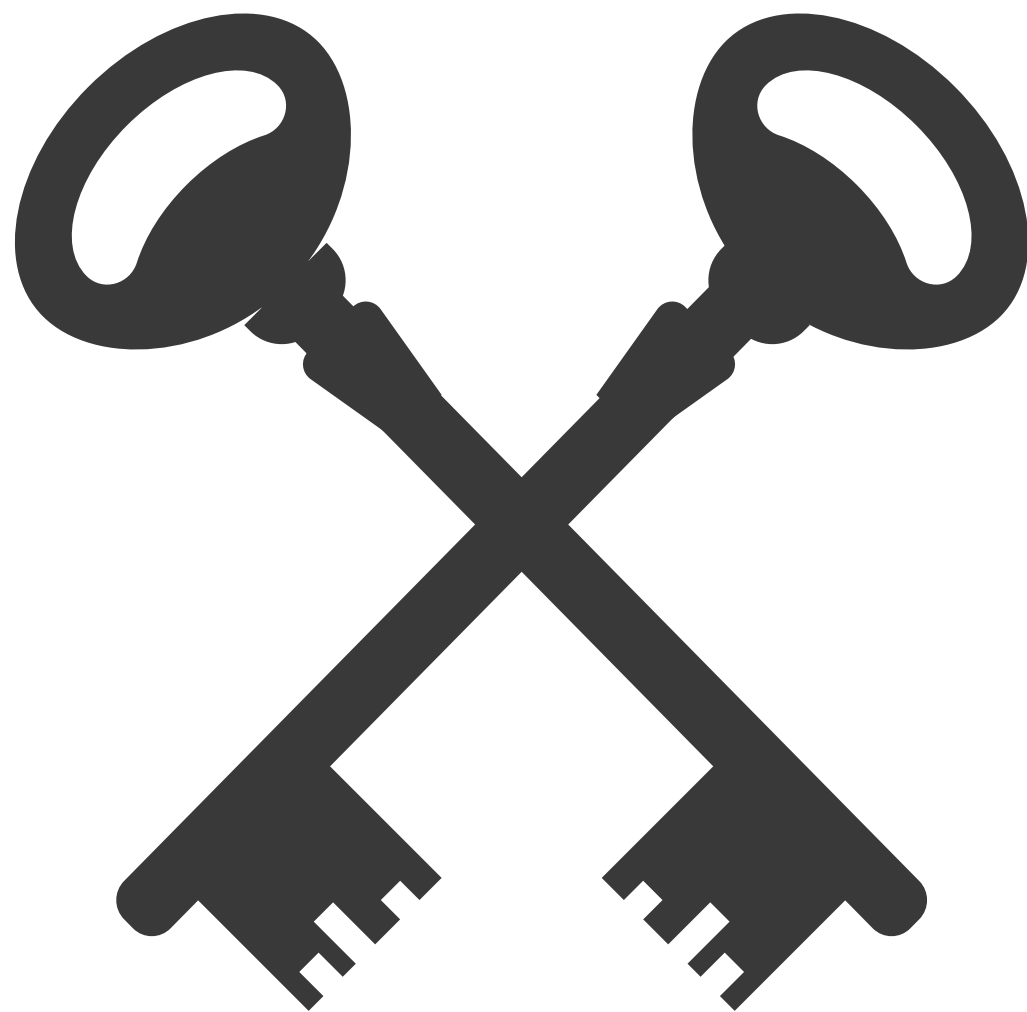




The Escape Room Industry Report

Unlocking the top booking revenue & operations trends



Executive Summary

Despite being a relatively new industry, escape rooms are growing quickly. What was innovative in 2016 and 2017 is now considered standard practice if not completely obsolete. Staying on top of industry news and trends can be an uphill battle.

Xola has been serving the US escape room market since its inception, helping hundreds of successful escape rooms grow their businesses.

We released the first-ever escape room industry report a little over a year ago. Because this industry changes so quickly, we're excited to provide an updated version.

To provide the escape room industry with a clear picture of the US market in 2019, we analyzed nearly \$70M worth of anonymized booking revenue generated by 190 US-based escape rooms between May 1, 2018 and May 1, 2019. In addition to using the directory and data from the Room Escape Artist, we also looked at the sheer size, volume and growth of the escape room market as a whole.

Our analysis covers booking and revenue trends, desktop, mobile and tablet sales, paid advertising usage, and various marketing and operations trends that we're seeing. We're sharing our findings along with actionable tips and takeaways that you can use to grow your business this year.



Executive Summary

Key Takeaways

① The escape room market is still growing

Despite ever-increasing competition, the escape room industry is still growing. The number of escape room businesses grew by 5% from 2018.

② Escape room revenue is up

As a whole, escape rooms are getting better at generating more reservations. The average escape room saw a 24% increase in revenue year over year.

③ More customers are booking on their smartphones

Mobile bookings outpaced desktop sales for the first time in 2018 and increased by 22% year over year.

④ SEO continues to be an important marketing channel

SEO - especially local SEO - continues to be one of the top drivers for new inbound leads.

⑤ TripAdvisor is a key marketing and customer experience engine

Escape rooms are continuing to find new ways to incentivize customers to leave reviews.

⑥ Escape rooms are slow to adopt social media ads

Despite escape rooms being a social activity, we've noticed the majority of escape rooms are not using social media ads to amplify their reach and message.

Escape Room Annual Businesses Revenue

We found that the average escape room grew from **\$256,860 in 2017 to \$317,571 in booking revenue in 2018**. The average order value jumped from \$113 in 2017 to \$135 in 2018.



- Between \$10k - \$50k
- Between \$50k - \$99k
- Between \$100k - \$499k
- Between \$500k - \$999k
- Over \$1M in revenue

Overview of the Escape Room Industry in 2019

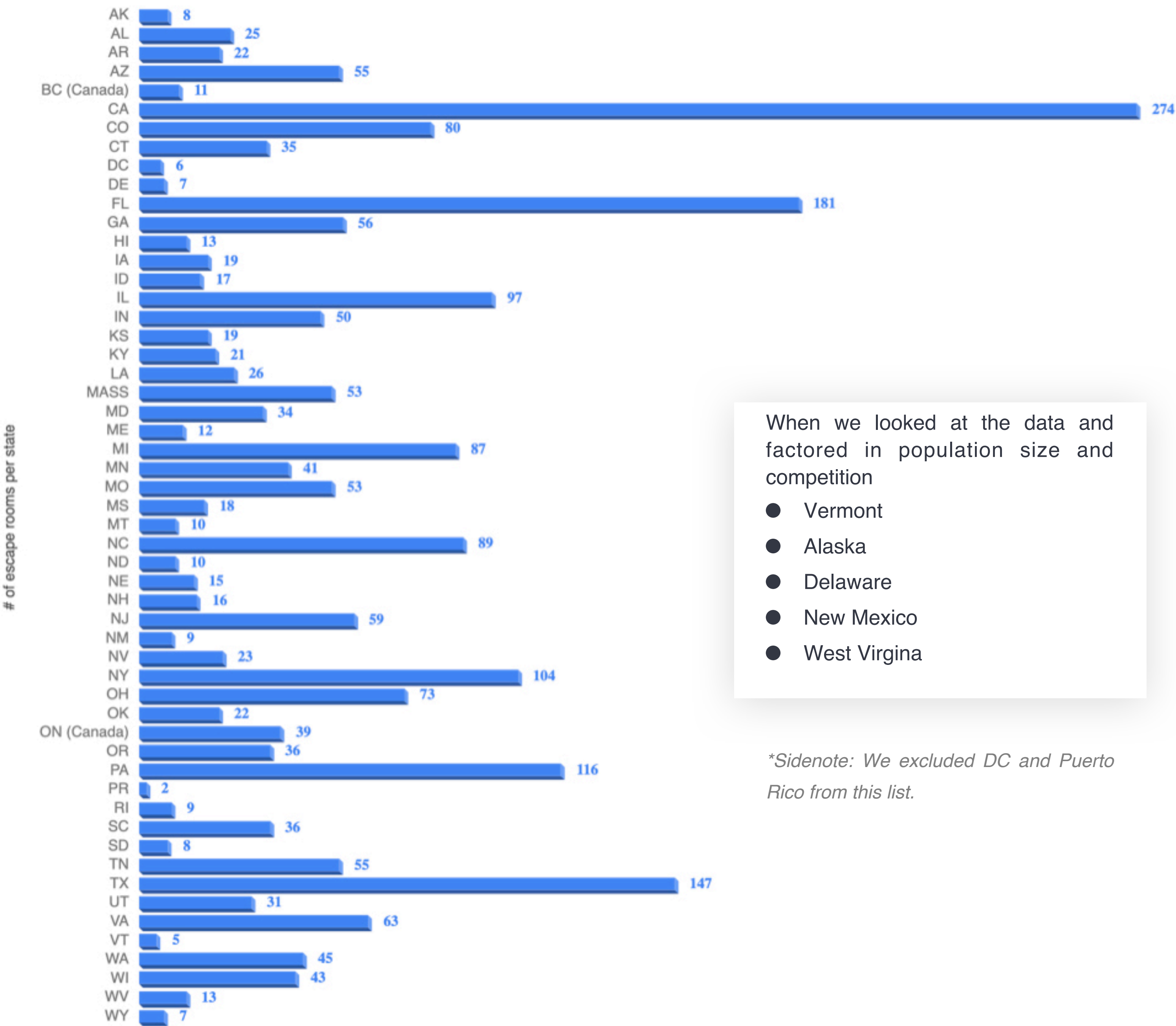
According to the Room Escape Artist Directory, there are an estimated 2,408 escape room businesses in the U.S.

This is a 5% increase from 2018 where there were 2,300 escape rooms.

To get additional context into how fast this industry has grown, there were only 22 escape rooms in the U.S. in 2014.

We also included a breakdown of escape room businesses by state.

Number of Escape Rooms Businesses by State



When we looked at the data and factored in population size and competition

- Vermont
- Alaska
- Delaware
- New Mexico
- West Virginia

**Sidenote: We excluded DC and Puerto Rico from this list.*

Escape Room Booking Revenue

In addition to looking at the size of the escape room market, we also analyzed booking volume and revenue data of 190 U.S.-based escape rooms between May 2018 - May 2019.

Of the escape rooms we analyzed, 72% of them did at least \$100,000 in booking revenue in 2018. And, 8% did over \$1 million in revenue.

We found that the average escape room grew from \$256,860 in 2017 to \$317,571 in booking revenue in 2018. The average order value jumped from \$113 in 2017 to \$135 in 2018.

This equates to a 24% year over year increase in booking revenue.
And, a 20% increase in AOV.

This significant increase in booking revenue and AOV proves that escape rooms are still growing rapidly.

When looking to see where sales were coming from, we found that there was a 50:50 split between checkout (online) and phone and walk-up sales.

Recovered bookings bring in \$23,668 in revenue

If you optimize your site for search, invest in getting press mentions and customer reviews, and spend money on paid ad campaigns; every new website visitor is a potential customer.

However, most visitors won't purchase right away, and that leads to more abandoned carts. In the travel industry, the average abandoned cart rate is a staggering 82%. If you are within the industry average, it may be costing your business thousands of dollars in lost sales.

Xola's abandoned booking recovery is one of our most-used features and re-engages visitors that have abandoned their bookings on the checkout page.

In 2018, Xola's US-based escape rooms recovered an average of \$23,668 using abandoned booking recovery, which is up from \$19,826 in 2017. That's a 19% YOY increase.

In addition to overall recovered revenue, the average order value from these recovered bookings increased from nearly \$123 in 2017 to \$147 in 2018.

The average escape room grew from \$256,860 in 2017 to \$317,571 in booking revenue in 2018.

The average order value jumped from \$113 in 2017 to \$135 in 2018.

Mobile Bookings Outpace Desktop for the First Time

The number of bookings on desktops took a nosedive. In 2018, mobile outpaced desktop bookings for the first time with only 30% of ALL bookings from checkout coming from a desktop computer. That's a 29% decrease year over year.

On the other hand, tablet and mobile bookings saw a sharp 22% increase in 2018. The percentage of visitors who booked on their mobile device grew from 48% in 2017 to nearly 70% in 2018.

This is indicative of a larger trend towards more mobile purchases across all ecommerce sites.

To make sure your mobile checkout experience is solid, we recommend going through your site on your smartphone and pretending to be a customer. Or, better yet, get a friend to do it.

Here are some things to look for:

Is your site fully mobile responsive?

Are there any broken links?

Are all of the images loading properly?

What's the mobile load speed? The average mobile load speed is more than 15 seconds. Yet, most people will click off if it takes more than 3 seconds to load.

Do you have to "zoom in" with your fingers to get to the book now button or any critical aspects of your site?

Are there any annoying pop-ups that appear on the mobile site? If so, you may want to disable them since they negatively impact the UX.

You can take this a step further by adding Google Pay and Apple Pay which creates an Amazon-like one-click checkout on smartphones. Many businesses that start using Apple Pay and Google Pay see a near instantaneous lift in mobile conversion rates.

Pro Tip: Mission Escape Adventure Rooms saw a 26% increase in recovered revenue from Xola's abandoned booking recovery features.

Diving deeper into escape room booking revenue

We took a deeper look at the marketing and operations trends of an anonymized cohort of 31 escape rooms, who did between \$300,000 and \$3 million in booking revenue from May 2018 - May 2019.

When analyzing how escape rooms are marketing themselves, SEO - especially local SEO - and customer review sites such as TripAdvisor, Yelp, and Google My Business continue to be the biggest drivers of brand awareness and new customers.

In fact, 53% of people won't even book an experience until they can read some reviews.

Here are some tips for how to get more customer reviews including:

1. Make your default customer review short and actionable.
2. Make sure your review emails go out within 48 hours of the guest's experience.
3. Choose a "from email address" that's a real, recognizable person in your company (like a general manager) or something like "Guest Experience Team at Company XYZ"
4. Use TripAdvisor Review Express to get more customer reviews on autopilot.

TripAdvisor Review Express works by syncing your TripAdvisor account with your booking software, such as Xola, and then TripAdvisor will send emails to every guest - not just the one who made the booking post-experience. They'll also automatically send a reminder email through TripAdvisor Review Express to any guests who don't submit an online review one week later.

Given how important Google is for both SEO and reviews, we were surprised by how few escape rooms were using Google Ads to increase brand reach and get more bookings.

Only 19% of businesses were running any Google ads.

Out of that 19%, 13% were spending less than \$250 per month.

When we looked at social media marketing, the top two platforms were Facebook and Instagram. Almost every escape room we analyzed had a presence on both platforms. This wasn't a surprise given how prevalent Facebook and Instagram marketing are across all industries and sectors.

In fact according to Social Media Examiner's 2019 Industry Report, marketers reported that Facebook and Instagram were their two most important channels.

Analyzing Escape Room Marketing Trends

While many brands used to be reluctant to share anything about their games and rooms on social media in the early years for fear of giving away their secrets, it seems more brands are opening up the kimono and sharing more behind-the-scenes content on social media. Customers are responding by sharing the content and playing more games.

In a podcast interview with serial entrepreneur, Noah Kagan, [Jonathan Murrell, the co-owner of The Escape Game franchise which has 13 locations across the U.S.](#), mentioned how he has a 20,000 sq foot warehouse with 30 employees building new games. He uses this to differentiate himself from the increasing number of competitors. In addition, he now has a team of nine marketers sharing exciting new location and game developments on social media (both organic and paid), email and through partnerships.

However, it seems like businesses' like Jonathan are in the minority when it comes to running paid social media ads.

Only 35% of escape rooms are running any social media ads.

Based on what we're seeing across the ecosystem, Instagram ads - across all of their forms from sponsored posts to story ads - are becoming more popular. We think that the number of escape rooms running Instagram ads will be considerably higher by the summer of 2020.

Analyzing escape room operations trends

How many games does the average escape room have?

How many have opened a second location? Or a third, fourth, tenth?

What does it really cost to run a thriving business?

What are the biggest operations and team challenges unique to this market?

These were just a few of the questions that we set out to answer in our research.

According to our research, the average escape room “game” is priced between \$25 - \$30 per person with Fridays, Saturdays and Sundays being the busiest days to play games.

In addition, 31% of businesses analyzed had at least 2 locations.

The average escape room business now has 6 games per location.

Analyzing Escape Room Operations Trends

Escape room setup installation and overall maintenance costs continue to rise

Four years ago, you could launch and run an escape room for less than \$10,000. Today, this has changed. Today, launch costs for a single room are between [\\$7,000 - \\$30,000](#), with some businesses being known to spend upwards of \$150,000.

For example, [The Escape Game](#) has a 20,000 sq. foot warehouse with 30 employees who are just working on launching, designing and improving their rooms. Most of the tech and props in each room are custom-built.

Fun Fact: To save some money on launch costs, many escape rooms are increasingly turning to Russia and Eastern Europe, where the modern escape room originated, to build and design new games at a cheaper cost than in the U.S.

With owners building more new rooms than ever before and spending money in the process, they are becoming savvier into their best selling and worst-performing games, days and times. They are using this information to market their businesses.

For example, if you know that one room is operating only at 40% capacity on weekday mornings, you can create a lightning deal or flash sale to incentivize your most price-sensitive customers to book at that time. This is the strategy that [Trapped RGV](#), an escape room in South Texas, did and it lead to a 500% increase in bookings in the first month and a half.



Analyzing Escape Room Operations Trends

Prop damage is a growing and expensive problem

It is not just the launch costs, but you also have to think about maintenance costs including general wear and tear and customers breaking things.

If you spend anytime on escape room blogs, Facebook groups or subreddits, you will find hundreds of stories from escape room owners and employees sharing horror stories for how their customers have managed to break things in the rooms trying to find clues and “escape.”

1. Customers using excess force on locks or in some cases literally throwing themselves against doors.
2. Digging through walls to try and find clues
3. Getting “shocked” when they stick metal objects such as paper clips in electrical outlets. (Sadly, this happens more than you might think.)
4. An increasing trend of people ignoring “Do not touch” or “This is not a prop sign” thinking it is a trick and in fact part of the game. Then, predictably breaking things or injuring themselves or others.
5. Customers showing up drunk or high and then damaging stuff or injuring themselves.

Bottom line, some customers just aren’t that smart. While you can’t always protect customers from themselves, there are a few things you can do to protect your business and save money:

1. Install security cameras in each room and make sure there are no blind spots.
2. Have a game master watching the cameras at all times.
3. Securely bolt down anything that isn’t part of the actual game play and use strong language to get people to not touch these objects.
4. Consider banning any obviously intoxicated people from entering the rooms.
5. Have all guests sign a digital waiver immediately after they make a booking

Pro Tip: You can use a built-in tool like Xola Waivers, which allows you to send digital waivers with built-in automated e-signature collection to all guests (not just the organizer) right after they complete the checkout process. This streamlines the guest experience (no long lines at your facility!) and also allows you to double your customer marketing database. With waivers, you collect valuable guest information including names, mailing addresses, email addresses, ages, and birthdays.

Conclusion

Throughout our research and analysis, we've found indicators that both the number of escape rooms and booking revenue will continue to increase in the coming years.

More people will open up escape rooms especially in less-crowded, small to mid-sized markets.

The biggest escape room businesses will continue to innovate and in some cases even completely redefine what we think of today as an "escape room." We're seeing everything from cool virtual reality and augmented reality technology developments to creating games where you compete against other people and even immersive physical and digital take-home experiences including board games. These trends are happening everywhere but especially in big tourist cities like L.A. and Orlando and in Budapest where escape rooms originated.

With innovations happening so rapidly, it is important to use a booking software, such as Xola, that continues to invest in building out innovative features to help you grow your business.

Based on all that we're seeing, here are some additional recommendations to help your business continue to scale in the year ahead.

If you are not already using Abandoned Booking Recovery, you should consider starting now. The average escape room business saw more than \$23,000 in recovered revenue in the last year.

Instagram is a hot trend that doesn't seem to be going anywhere anytime soon. If you have even a small marketing budget, consider running Instagram ads before your competitors catch on.

Customer reviews on TripAdvisor are still very important. You can use tools like Tripadvisor Review Express to help automate this process.

Look for any ways to increase your revenue and average order value such as Abandoned Booking Recovery and various add-ons. For example, Cipher Escape Rooms in Houston saw a 25% increase in recovered revenue

Finally, it is important to know your numbers. For example, you can use this capacity utilization report to understand your most popular and least popular games as well as specific days and times. Once you know this data, you can features like lightning deals to incentivize your most price-sensitive customers to book at your least desirable times such as Tuesday mornings at 9am.

In sum, these are just some of the trends that we're seeing in the larger escape room industry.



Escape Room Booking Software



A beautiful, optimized checkout that decreases abandonment rates and increases revenue.



Real-time Availability

Customers know how many spots are left, giving them the confidence to book a room and stop shopping around.



Increased Conversions

People abandon carts ~70% of the time. Xola helps you beat those odds with a lightning-fast and mobile-friendly checkout.



Professional Reservations

Impress customers from the get-go with a delightful booking experience that matches the caliber of your games.



Secure Payments

Xola's PCI-compliant processing and Norton Secured checkout keeps your customers and your business in good hands.



Free, Easy Setup

It only takes one line of code and a few seconds to integrate Xola with any site. The best part? We'll do it for you.



Automated Remarketing

Move the needle without moving a muscle. Automatically recover carts, request reviews, re-engage with remarketing ads and more.



Business Intelligence

Break down your transactions, see cash flow and realized earnings, and identify your most valuable products and booking channels.



World-Class Support

Free setup and unlimited staff training. We also offer 24/7/365 support via phone, email, or chat.

Transform how you
do business today!

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