

ECONOMICS 620
Allegheny College
Meadville, Pennsylvania
16335

**Theme Parkonomics:
Making the right investment**



THOMAS J. ALDERSON
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Making the right investment**

By

Thomas J. Alderson

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Project Advisor: Tomas Nonnenmacher

Second Reader: Russell Ormiston

Date: 4/4/2012

I hereby recognize and pledge to fulfill my responsibilities as defined in the Honor Code and to maintain the integrity of both myself and the College as a whole.

Your Signature:

Your Name: Thomas J. Alderson

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Abstract

This study is an analysis of the theme park market from a managerial perspective. Management faces many issues when making yearly investment decisions that carry a great deal of uncertainty. There is very little research done to provide theme park managers with reliable insight as to which investments will hold the highest long and short term payoffs. With this factor of uncertainty, it is difficult to project which investments will be successful and which will force parks into bankruptcy. I conclude that the effects will be different for all parks as they are all diverse in the way they implement strategy and shape their goals. An essential component that shapes market interaction is the “theme” of the park, which is any parks’ core competency. With various themes will come various impacts for specific investments, which forces the market to be seemingly unpredictable. As each park maintains their theme, they must also consider their decisions to be particular to the park and the consumer base.

Chapter 1: Introduction to the Theme Park Industry

Theme parks first started in the 1500's, starting in Medieval Europe with pleasure gardens. Amusement parks soon took off among the public as they became a popular venue for locals to gather in a social atmosphere. The pleasure gardens in Medieval Europe included live entertainment, fireworks, dancing, games, and music (Tuskawilla Middle School, 2002). The idea was similar to what we would currently identify with as a city or county fair. World famous Oktoberfest is a great example of a historical amusement park that helped ignite this industry. Not only is the event a festival of beer, but it also provides many amusement park features ("History of amusement," 2011). It was not until the late 1800's that amusement parks began to flood the United States market. Most American theme parks were built at the end of a trolley line, allowing the public easy access and transportation to the park facilities. For example, Kennywood Park(Pittsburgh, PA), opened in 1898 at the end of the Monongahela Street Railway Trolley Line and has flourished since. Kennywood was named "Favorite Traditional Park" by the National Amusement Park Historical Association(NAPHA, 2011). Similar to the European market introduction to the industry, American theme parks consisted of picnic areas, dance halls, restaurants, games, and a few rides. This combination led to immediate success as an exciting social environment for families to gather. It was in 1893 that amusement parks became extremely popular with the introduction of the Ferris Wheel and the midway. A midway is a section of the park where rides were clustered together in their own section. These creations largely influenced the future design of amusement parks across the country ("History of Amusement," 2011). The first park to charge admission and use rides as the primary attraction to appeal to consumers opened in 1894 in Chicago, introduced as Paul Boynton's Water Chutes. Just 25 years later in 1919, more than 1,500 amusements parks were established and operating in

the U.S. market. Similar to any other industry in the world, innovation was in the making and the theme park industry was approaching a change for what was going to attract consumers.

By the 1950's, consumers began to lose interest in amusement parks due to factors such as urban decay, crime, and desegregation. That is, until Disneyland hit the market in 1955 ("History of Amusement," 2011). Disneyland, first established in California, may have saved the amusement park industry with its innovation of a new park layout and more attractions to offer than any other competitor. "Walt Disney is credited with having originated the concept of the themed amusement park" ("History of Amusement," 2011). Instead of following the trend of having one midway, Disney offered themed sections of a vast park that allowed people to move around and experience more within one trip to the park. Consumers were offered a broad array of choices, and theme parks were not so local anymore. Enthusiasts from around the world would travel to Disneyworld to experience the Disney product.

Disneyworld was also a very easily marketable as Disney maintains a strong company reputation in the entertainment industry. With the theme park market in a steady decline, Disneyland enhanced the product of a theme park, and left room for competitors to manipulate and copy Walt Disney's strategy all around the country. Disney offered the theme park industry new motivation and attention to help the industry as a whole survive. With the consumers' ability to have more broad choice, smaller traditional parks such as Kennywood were able to remain appealing as a differentiated product. Just six years after the emergence of Disneyland, Six Flags Over Texas was able to implement a business strategy similar to Disneyland and maintain the interest of consumers in what would become a highly competitive, complex market ("History of Amusement," 2011). As consumers began to find these large parks more attractive, competitors continued to enter the market and create different themes in each park. With the

themes being changed within the market the product became increasingly differentiated, allowing for consumers to experience diverse atmospheres when visiting and revisiting parks. Without Disney's innovation, the theme park industry could have collapsed before the amazing technology we witness today.

In today's economy, many companies enjoy success in the vast market of large and small parks. Technology has been created, allowing for new rides and campaigns to be reached that were never thought of when the industry sprouted up. The structural and architectural capacities of some of the attractions we see today are purely astonishing. For example, "Top Thrill Dragster," located at Cedar Point, is known as the world's first strata coaster that launches you up a vertical 420ft. hill at 120mph only to come down another vertical hill at the same velocity. Consumers who are looking for the thrill of a lifetime are targeted with attractions like the Top Thrill Dragster. The sights of most of the marketable rides we see today are intimidating to say the least, although they feed the adrenaline rush that a large percentage of consumers thrive on. In contrast to the large innovative steel roller coaster market, parks like Kennywood are able to sustain their historical reputation as a traditional theme park and have been able to stay in operation for many years with just one steel roller coaster. Kennywood has built a historical reputation around its park and has been labeled as a historical landmark. The park retains its history by catering to the locals and using this vintage, historical significance as its core competency. Kennywood is respected as the Wooden Roller Coaster Capital in the world and currently operates three wooden rollercoasters. What is interesting is that one would assume wooden rollercoasters to be outdated and unattractive to consumers since they have been on the market for so long. The fact that Kennywood is able to survive with a vintage theme and seemingly outdated attractions supports the idea that investment decisions and the effects will

vary between parks and what their core competency of a theme may be. For example, Disneyworld is not advertising for any current or upcoming wooden rollercoasters.

“Theme” is a key aspect to understand when looking at the theme park industry. There are many ways to target consumers and capture their interest. Theme parks are only as appealing as their theme. Disney’s theme was centered on many themes in collaboration with the company’s success in the entertainment industry. Kennywood was able to remain popular without mainstream innovation and large scale investment. Kennywood offers a traditional setting with unique experiences such as the wooden roller coasters that are going to jostle riders around in their seats more than a steel roller coaster. Major aspects of the managerial issues of this industry fall around marketing to consumers with the correct investments. Also keep in mind, the investments must be timely and specifically cater to the demands of guests’. If the demands are not met, attendance will begin to drop and profits will plummet. As Dennis Spiegel, president of the International Theme Park Services Inc., said, “Repeat visitation is the life’s blood of our industry... Once you lose market share, it’s hard to get them back” (Black, 2011).

If problems exist in management such as poor decision making on what yearly investments to make, attendance rates can be quite a roller coaster as a report by the Chicago Tribune displays with facts and figures concerning Six Flags Entertainment Corp. This case is a very explicit demonstration for how complex and sensitive this industry can be. Six Flags is one of the largest players in the U.S. and global theme park market. Stated earlier, Six Flags Entertainment Corp. was the first park to implement a strategy similar to Disney.

In the article, journalist Lisa Black provides quotes from Six Flags Entertainment Corp CEO, Jim Reid-Anderson, and former CEO, Mark Shipiro, accompanied with financial figures

released by the company. Through this scenario, examine the management choices by separate CEO's and what impact they are having upon the parks' success. Reid-Anderson notes a major management error by the previous owner, which ultimately led the company to file bankruptcy in 2009. The bankruptcy was attributed to the movement of company focus from what Reid-Anderson calls "theme park focus" to a broad entertainment service with "barber shops and other various activities that really have nothing to do with amusement parks." Shortly after bankruptcy was filed, Shipiro left the company. Not only was Shipiro's focus based around expanding the services of the park, he strived to cut costs and make the park more family oriented with an emphasis on moderate rides, cleanliness, and safety. Shipiro put these efforts in place after his predecessors landed Six Flags Entertainment Corp. in more than \$2 billion in debt with attempts to out-do their competition in terms of bigger, better, more intense rides.

Analyzing the situation, we can see first that providing all of the biggest attractions will not yield significant results for success. Secondly, you cannot specifically cater to one particular interest of your customer base. Providing specifically for the family demographic of theme park consumers will also not yield significant gains to continue company growth. Moving forward, the park has put in place a policy of expanding with a new ride or program every year; not specifically a rollercoaster or large-scale investment, but simply something new to bring the park an enhanced appeal.

The Chicago Tribune article gives a perfect insight to broad ideas that theme park management faces when investments are to be made. The general concept is that in order to thrive in the theme park market you must make yearly investments; this has become a widely accepted industry rule. Carl Winston, director of the hospitality and tourism management program and San Diego State University, states that most parks "rely on new attractions to drive

attendance. Most parks add a major attraction every three or four years, with smaller upgrades annually.” He adds that theme parks are “very capital intensive,” suggesting that there is an extremely high upfront cost to the construction of a roller coaster, although, “once they break even, the profit margins are huge.” In order to expose these profit margins, management must be able to effectively build their theme or reputation with their investments in cooperation with their broad customer base. Another contributor to Black’s article is Cedar Point Spokeswomen Robin Innes; she states that Cedar Point follows the industry guideline of yearly investments as Cedar Point plans to invest in a \$1 million walk-through exhibit named “Dinosaurs Alive!” that is meant to cater to families with young children. Innes also adds that “you need a variety of things that appeal to everybody, so that everybody has a great day. You can’t just say we are just building new roller coasters.” Branching from her statement and analysis of the Six Flags Entertainment Corp. bankruptcy, I conclude that in this industry attractions are not just built for success, but a centralized theme and overall experience must be built to stay above water in the theme park market.

There are many factors that come into play for what affects park attendance. There are millions upon millions of combinations of decisions that management could choose from when considering investments. Each choice will lead to different results in attendance and customer satisfaction as well as affect the potential decisions of the future. Investments must be made within a timely manner, and their date of introduction will hold significance over the impact on attendance. In a fragile market, there is little room for error. Failure to build and maintain an attractive theme within a theme park will result in bankruptcy and an overwhelming amount of debt. Can management make data-based decisions and feel confident that a major investment will not be a flop? In a market where uncertainty is inescapable and each company has a unique

core competency, can extensive market research and data analysis provide reliable investment guidance? In my research, I will answer this question by investigating the structure of the theme park industry, analyzing investment research performed by Petier C.M Cornelis, and applying my research to the investments and attendance effects of Blue Ridge Amusement Park.

Chapter 2: Structure of the Industry

The theme park industry has many complicated dimensions to it that force management into difficult decision-making situations. When dealing with consumers whose tastes are constantly changing around your product, it is important to note that one decision will affect the next and so forth. The theme park market is an interesting topic as it is a major form of entertainment in society that overall provides many different approaches to reaching consumers. There are a staggering number of factors that are taken into consideration each year by theme park managers when planning for the next company expenditure.

Oest, van Heerde, and Dekimpe (2008) research on new attractions on theme park attendance shows that the primary drivers of theme park attendance are: 1.Attractions, 2.Competition, 3.Seasonality, 4.Price and advertising, and 5.Economic, political, and socioeconomic trends. Attractions stand strong at number one as they are the most prominent aspect in developing the theme of a park. The authors support the claim that the industry requires large capital investments to be successful. To enter the market, there is a high fixed cost that requires not only investments in attractions, but in land to make a home for the investments. For market entry, there must be a large amount of buildable land available, along with this, and restating information from the Six Flags CEO in the Chicago Tribune (Black, 2011), there must be sufficient room to make future land expansions as the park continues to grow. Developments must consist of potential for perimeter expansion as well as adding to the services provided within the park limits.

The scholars agree that it is an industry rule that yearly expansion is a requirement for competing in the market. Management must also be prepared to spend roughly 20% of park revenues on these expansions; this is the industry average that the researchers have concluded.

For example, if Disneyworld is making revenue of \$10billion annually, they must be prepared to spend roughly \$2billion on expansion investments. Parks must be able to bring in considerable revenues to cover the cost of previous investments, operating costs, and finance future investments. The inability to bring in the attendance to cover the necessary revenues will result in a situation where they cannot pay their debts. This lack of attendance will hinder their options for future investments that could be very beneficial, but financially infeasible due to poor decisions in the past.

Van Oest, van Heerde, and Dekimpe (2008) state in their research that the most important factor in driving park attendance are attractions. The introduction of a new attraction within a park may have one of two effects for the park. These effects are defined as the distribution impact of new attractions. The first few weeks following the introduction can and most likely will be the most prominent in increasing attendance rates. This effect can be associated with the press coverage that typically surrounds the debut of any new attraction. Local media will naturally broadcast the event of a new attraction as cable news networks strive to provide their demographics with exciting and useful coverage to boost their viewer numbers. Consumers are eager to get a glimpse of the new ride and express elevated levels of excitement for the attraction due to the build-up of anticipation.

Included in the distribution impact is the seasonality effect of introduction. If an attraction is unveiled in the middle of winter, it will not yield high returns in comparison to if it were opened during a summer month. Consumers are more likely to take advantage of warmer weather and take vacation days to spend with friends and family. Also, college and high school are not in session which leaves that demographic to freely visit. The final component to the distribution impact is the impact loss over years. Theme park attractions express diminishing

marginal utility. That is, the more a consumer experiences the thrill of a ride, the less appeal it will have to that consumer. The first year of introduction will always yield the highest impact on attendance, but its popularity may decrease at a high or low rate. Suppose that a rider visits the same park every day for two weeks straight. On day 1, the rider will feel very excited and anticipate the experience that is to come. By the end of the two week period and after repeat visits to the same park, the rider will not have the same level of excitement that he felt on day one. Picture this scale happening through an extended period of time, recurring yearly visitation accompanied with no change within the park. The attraction would become boring and unsurprising, seemingly unappealing to a paying customer who is searching for excitement.

The scholars also found that the introduction of a new attraction may have an impact on attractions that are already located within the confines of the park. This is known as the saturation effect, this assumes that the addition of attractions that are too similar will decrease their consumer appeal. A new attraction can potentially act as a substitute for an already existing ride (or vice versa), and take away from the popularity of another ride. For example, if you have King Island's Drop Zone, which involves a circular seating arrangement and drops at a free fall rate, the addition of a ride such as Kennywood Park's Pitt Fall that has different seating, but similar rider experience of a free fall would have a very small impact on attendance. The rides are too similar and will take away the appeal from one another. The addition of attractions that occupy this effect will result in a higher chance for a new attraction to not cover its cost, and could leave management with restricted future investments for expansion due to a lack of meeting consumer demands.

The other possibility for impact upon other rides within the park is the Reinforcement Effect. This effect assumes that new attraction of a similar type can increase their effectiveness

on raising park attendance. In this effect, the attractions become compliments that benefit from one another. An example of this effect can be identified in Kennywood Park. Kennwood's Swingshot and Aero 360 are both harness seating, swinging thrill rides. Where they differ is within rider experience. On the Swingshot, the arms are longer and swing riders to an inverted level where when they look down they see a concrete path with below them. On the Aero 360, riders are taken on a full loop by two counter swinging arms streaming with lights. The thrills that the riders experience on these two rides are similar, but different enough to attract consumers on more than one level. "According to Brown and Krishna (2004), consumers actively search for alignable attributes in choice situations"(Oest, Heerde, Dekimpe 2008). This research suggests a new attraction may activate the memory of similar attractions, and also increase their consumer appeal.

The demand for roller coasters provides an easy to understand portrait of how the substitutes vs. complements issue can work out. The largest investments within theme parks tend to be roller coasters. Each roller coaster comes at a high cost, and management is faced with the decision on what type of roller coaster to install, if they decide to make this investment. Technology and innovation has led us to a period in time in which possibilities are seemingly endless. Years ago, the decision to invest in a rollercoaster was much simpler for management because there was much less product difference in a roller coaster investment. The main decision for management was track design. Now that we are in such a technologically advanced era, there are inverted, stand-up, lay-down, harnessed, lap bar, looped, and corkscrewed roller coasters, the list goes on. If a park already has a roller coaster that leaves your feet dangling, then it would not want to invest in another roller coaster that would have the riders' feet dangling. Having two roller coasters whose experiences are so similar will result in them

becoming substitutes. The factor of thrill and excitement would be taken away because the same thrill can be experienced at another area of the park within that trip. If a park has an attraction that leaves the riders' feet dangling, then their next roller coaster investment should not share that experience. The reinforcement effect will come into play when you provide a unique thrill that is as exciting as other attractions, but also provides a new experience.

Competition between parks, along with their product differentiation, is reaching a new height as parks and attraction manufacturers try to out-do one another. An article published by Florida Today (2005) shows the innovative level at which the theme park market has reached. Nick Winslow, a theme park analyst tells Florida Today "Bigger, faster, taller, better -- you can't keep doing this." Winslow follows up this statement with regards to public health and safety. As parks compete to provide the most amazing thrill possible for their rides, where do you set the limit for how intense an attraction can be? The report states that in 2005, Busch Gardens in Florida was attempting to combat its rival, Disneyland. Busch Gardens has seen 5% decline in attendance for the 2004 season while Disneyland received a gain from 5% to 9%, according to Business Amusement Magazine. To fight the competition and regain appeal to consumers, Busch Gardens invested in a new roller that takes a vertical drop more than 90 degrees on a 200ft drop. The previous two years to this investment, Busch Gardens had invested in a stage show and a three-dimensional movie to promote to kids. While Busch Gardens was investing in small time shows and Disneyland was investing \$100million Expedition Everest, this could explain the loss in market share for Busch Gardens and gain for Disneyland.

With the market for rollercoasters and attractions reaching a peak for human health, what more can we look forward to? If management designs rides that are too extreme, unsafe, or puts a stop to roller coaster investments, could we be on the edge of a market change where all

participants in the global market will have to make major changes to their strategy? T. Harold Hudson states in the Florida Today article, "I think, if the industry is to recoup its position, it has to go back to the idea of the integrity of the theme. There's got to be a plan, and not just a mindless iron-ride war." Hudson is saying here that we can expect the theme park industry to reach a point where the management emphasis will once again be focused around creating a theme for the park, not just making the most impressive roller coasters with good marketing. He further discusses that bigger and better roller coasters can always be produced, but at what extent do you start to consider the safety of the rider.

Included in the Florida Today article is Sea World Orlando spokeswoman, Becca Bides, she provides a great example that pertains to the way that theme parks can differentiate their products. Sea World Orlando centralizes its theme around the adventures of the sea and the distinctive excitement that an aquatic-based theme can bring. Sea World offers themed rides as well as spectacular shows with human and animal interactive performances. Sea World Orlando has set itself outside of the box with a unique atmosphere that will not be experienced at a competitor's park. Since Sea World Orlando already occupies this niche for those who are interested in an environment filled with sea adventures, other parks are less likely to try and take that demographic. As we see the market reach a peak of structural innovation, it is important for a park to specialize on retaining a theme that will set itself apart from competitors while meeting the needs of target consumers. Short-term goals may be accomplished without a significant theme, but once a ceiling is reached on roller coaster capabilities, management will be looking for a centralized theme. It is important to establish a theme and maintain that theme because if an investment does not yield the projected returns, the themed appeal of the park will still hold power and losses will be minimized.

Another way that parks can differentiate their product is through attaching an attraction to another form of entertainment. An example of this is “The Hulk.” This green track monster of an attraction shoots riders up 150ft at speeds of 67mph with seven inversions at Universal Orlando. The creation of this ride and its attachment to the movie and character of The Hulk has set this attraction up for marketing success. The massive inversions occur over land and water as riders witness a blurry scene through the twists and turns. When the Hulk launches riders out of the loading station, a grunt sound is released, similar to the sound you hear in the movie. The incorporation of the ride with the character enhances its marketability along with the experience that riders feel when on the ride. The collaboration also targets comic book fans and fans of the movie.

Marketing techniques are also an important aspect of the management process. In particular, I would like to discuss a very famous quote that is heard frequently among many accomplished stars, “I’m going to Disney World!” Upon winning the Super Bowl in 1987, Giants quarterback Phil Simms received \$75,000 for his endorsement (Joe, 2012). Simms was the first of all athletes to openly endorse Disney World and let the world know that his celebration for success would be a trip to Disney World. Since this event, Disney World has had accomplished athletes every year repeat what has become a slogan for success. The most recent athlete is Super Bowl MVP Eli Manning. Disney World has branded itself as a site for the accomplished.

There are also other ways to reach out to theme park audiences. With the increase in mobile devices and constant access to mobile markets, there is much room for innovation in the marketing and entertainment departments. Management should stress in these markets, as they could provide a significant boost to park attendance. Six Flags Entertainment Corp. has joined

efforts with Ask.com to entice consumers to visit the park using mobile game rewards (Mobile Commerce Daily, 2011). This new marketing tactic includes a mobile application offered on the iPhone market when a potential consumer is within 2 miles of their parks. The game asks trivia questions in return for points that can be redeemed for line skipping. The application is accompanied with a question and answer section and room for additional comments concerning the park and their experience. This data collection technique receives four times the amount of feedback as opposed to website users, and two-to-three times more comments. Results also show that 43% of the users of the mobile application will return to the website monthly. Other mobile applications are available with Six Flags, including “in-park scavenger hunts, text based guest service, and ride line wait alerts”(Mobile Commerce Daily, 2011). Technology and innovation such as this create a unique consumer experience, and the possibilities are endless for what can be done using this approach.

Using a mixture of all the information available to management, decisions for theme park managers could be made a lot easier. Responding to the preferences of consumer tastes, as well as referring to figures concerning investments and their effectiveness on increasing park attendance, management would have the capability of making educated business decisions while catering to their consumers. Guests would be more likely to return to the park if management responded to specific requests. For instance, if guests were uninterested in a particular ride and expressed it in comments using the mobile networks, management would know that the ride in particular is holding a low significance on guest attendance. Management could then discuss the removal and addition of a new attraction that would result in increased attendance. Of course, not all demands could be met, but management would have a better idea on what to focus on in order to drive attendance upward.

Concluding the market research, I determine that the theme park industry is a monopolistic competitive market. There are few barriers to entry for entering this market; the most prominent is high start-up costs. In the theme park market, there is not price-setter. Disney owns the largest amount of market share, but they do not hold the market power to set a market price for the industry. There will be higher prices at parks who offer more attractions while smaller parks will offer a lower price for offering fewer attractions. In the short run, some firms can behave like a monopoly and take advantage of market power to generate profits, although in the long run they will make zero economic profits. There are many producers and consumers within the market where there is asymmetric information. Consumers are price-takers in the market and accept the value of the entrance fee. In this sense, producers are given the opportunity to have control over admission price as the products in the market are heterogeneous and decisions are done independently within the firm. The product offered by each park is differentiated from one another, but are not substitutes. For example, the experience provided by one park will not be the same as the experience at a competitor's park. The attractions offered by parks across the market will not match the attractions offered at any other location; each park has its own distinguished product that is exclusive from competitors. Brand loyalty also filters into price control. If a park has strong brand loyalty, consumers are more likely to return as admissions prices increase, whereas weak customer loyalty will cause consumers to turn away as entry fees climb. Some firms hold higher market power than others, but those firms do not hold complete control over the market. Competition comes from all firm sizes within the market, whether large or small.

One final aspect of the industry to keep in mind is that theme parks are not only competing with one another. According to Wikinvest, theme parks compete with virtually all

other forms of entertainment. The extent of theme park competition reaches to movies, sporting event, vacation travels, and more. There is also an economic battle to consider. As unemployment rises and disposable income begins to deplete for many families, consumers are less likely to interact with many different forms of these entertainment purposes. Theme parks and their competing industries are a luxury good that consumers indulge for relaxation and escape from their everyday lives.

Chapter 3: Literature Review

The main piece of literature I will base my research on is Pieter C.M. Cornelis' piece for the *Journal of Vacation Marketing*, named "A management perspective on the impact of new attractions." In his work, Cornelis attempts to evaluate the impact of management decisions upon attendance rates. Cornelis recognizes that there is uncertainty within the management processes and no material is available to limit the risk, or even reliably navigate good decision-making. Before Pieter's work, the most common resource for guiding theme park management was the Themed Entertainment Association (TEA). The TEA provides percentage numbers for the top parks on the market and whether they are dropping or rising. Additionally, TEA provides an explanation for what is happening within the market; for example a park that holds high market share cuts back pricing, while making a large investment could explain why there are a large increase in attendance. The percentages are also broken up by country to better examine how parks are performing in specific economies. Cornelis says "the industry's most accepted method of determining a new attraction's effect on visitor numbers is to simply compare attendance with the season before it was introduced." He does not think that this is the best method as he also adds that another frequently used method is to look for correlations between investments and attendance numbers. Upon these statements he suggests that these methods only provide interesting insight, but do not draw reliable conclusions. There is possibility that managers of competing theme parks around the world will mistake these figures as absolute truths and will attribute causal links to factors where they do not belong. To resolve this issue, Cornelis looks toward a method where the effects are more drawn out over time with the accordance of frequency of investments. Investments were broken up into two categories, major

and minor. Examples of major investments would be a rollercoaster or additional zone to the park; examples of minor investments are thrill rides, children attractions, or a food stand.

In this study, theme park managers from around the world were asked to participate and to provide investment and attendance information. The research consisted of three levels, at each level of the process, fewer park managers participated effectively. Firstly, 167 carefully chosen park managers “were asked for their estimation of the effects of their latest new investment in a new attraction” (Cornelis, 2011). Managers were asked questions such as the years of major investments in attractions, the presumed effect of the investment, what to expect in attendance if there was no investment, frequency of investments, what factors influence park attendance in both short and long run, expectations concerning developments, and their own position in the market. Of those who were contacted for participation in the study, 56 replied and were asked to provide further information. The final step consisted of in-depth interviews with 29 of the managers who were willing to volunteer to take part at this crucial final stage. What Cornelis found through this process was that managers find it very difficult to properly establish the effects of the investment of a new attraction when adjusted with other variables such as price, competition, and weather.

The sizes of the parks tested were grouped into three categories according to number of annual visitors. Large parks were labeled for attracting over 1,000,000 visitors a year, while the middle-sized parks ranged from 1,000,000-500,000, and smaller parks less than 500,000 but more than 200,000 annually. Each of the parks that participated in Cornelis’ research was an independent theme park. By dividing up the parks in terms of size, it allows for conclusions to be drawn about how the size of a park can affect the impacts of specific investments. The divisions also cut down on the generalization of data. With the three categories, we are able to

see correlations between different sized parks. From the results we can effectively determine if there are any differences in theme park management perspective, decisions, and effects.

The first action of Cornelis' research was to determine what theme park managers perceived to have the largest impact upon attendance rates. The importance of this step was to attain insight into the management of the industry. These results come directly from the managers themselves and displays what is going on in the mind of those who are making the decisions.

Table 3.1 Perceived importance of factors.

Long-term importance			Short-term importance		
	Factor	%		Factor	%
1	New attraction	38.7	1	Weather	35.4
2	Weather	12.5	2	New attraction	28.5
3	Marketing budget	12.2	3	Marketing budget	10.0
4	Other investments in park	7.4	4	Entrance fee	8.1
5	Entrance fee	6.3	5	Special events	7.3
6	Special events	5.9	6	New shows/entertainment	3.8
7	New shows/entertainment	4.8	7	Competition	3.1
8	Other ...	4.4	8	Disposable income/leisure time	1.9
9	Opening new hotel	4.0	9	Other investments in park	1.5
10	Competition	1.8	10	Opening new hotel	0.4
11	Disposable income/leisure time	1.5	11	Other ...	0.0
12	Investments in Food & Beverage	0.5	12	Investments in Food & Beverage	0.0
	Total	100		Total	100

(Cornelis, 2011)

For this section of the survey, managers were asked to evaluate what they felt had the greatest impact upon attendance rates. Long-term importance refers to effects occurring outside of one year while short-term importance points to effects within one year.

The discrepancies between long-term and short-term are quite interesting. For the short-term, the most important variable to management is uncontrollable. From my own experience within a theme park, I was able to experience first-hand what impact weather can have upon

attendance. Building upon the idea of weathers influence, it is not just the actual weather that can have an impact on attendance, but even the weather forecast. There could be a forecast for 25,000 visitors on any given day, but with a bad forecast for the area consumers will shy away from visitation. The result of bad weather or forecasts can lead the actual number of visitors to drop below 10,000 or a potential closing of the park if weather is severe.

The most important factor upon long-term attendance rates is said to be new attractions. This was an expected result as we identify that attraction investments must be made to maintain market share. What I find most interesting is the importance of competition. In short and long term, management does not see competition as a top five factor. This shows that managers feel like the decisions made within their firm hold higher importance than responding to what their competitors are doing. For theme park firms, it seems to be that they focus more heavily upon what makes their park attractive and maintaining the image that has brought success. The factors that management perceives as important for maintaining appeal is complex with the amount of variables that must be taken into consideration. As Cornelis claims in his article, new shows(which rank #6 and #7) are investments that only boost customer satisfaction, but not attendance rates. Customer satisfaction will lead to repeated visit which, as stated earlier, is the fuel of the industry.

Table 3.2 Most recent major investment according to size of park.

		Size of park in two groups*		
		Large parks	All other parks	Total
<i>Most recent year 2008 and before</i>	2008	31.2%	59.0%	50.9%
	Before 2008	68.8%	41.0%	49.1%
	<i>Total</i>	100.0%	100.0%	100.0%

* Pearson Chi-square value 3.489 (0 cells have expected count less than 5). The minimum expected count is 7.85; df = 1; Asymp. Sig. (2-sided) 0.062

(Cornlies, 2011)

Table 3.3 Frequency of investment in new attractions.

	Major investment	Minor investment	Major investment in combination with minor investment every year
Every year	14.3%	82.6%	15.8%
Every two years	17.9%	6.5%	18.4%
Every three years	39.3%	6.5%	36.8%
Every four years	14.3%	4.4%	15.8%
Every five years	8.9%	—	13.2%
Less than every five years	5.3%	—	—
<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

(Cornlies, 2011)

The combination of data brought forth in the two tables provided above display the most recent year of major investments according to the size of a park and the frequency of investments of these parks, both major and minor. As this study was concluded and published in the year 2011, Cornelis asked management specifically about the year 2008 as a gauge for when the most recent major investments had been made. This choice of year is interesting as the data shows that the highest percentage of parks invest in a major investment every three years, which is the difference between years when asked about the most recent investments in Table 3.2. The data in this table are broken up between major investments within the current year to 2008 and before 2008. The results are nearly at a deadlock for all parks, separating at about 50% for the entire market. Large parks were more likely to invest in a major attraction before the year of 2008, while all other parks were more likely to invest more recently. This displays a distinctive difference between the size of parks and how they conduct their investment decisions.

Table 3.3 provides insight into the frequency of decisions for both major and minor investments. What jumps off of the chart and supports the industry rule of yearly investments is the first line in column two, minor investments every year. 82.6% of all parks in the market will

make yearly minor investments. This figure shows that management is constantly trying to make a difference within their parks. The differences may not be major or provide significant changes to park attendance, but this is consistent with the idea that management must expand and change things within the park to maintain market share. All sized parks at least make a minor investment every four years, although only 17.4% make minor investments outside of a one-year frequency.

The highest frequency for major investments falls at the three year mark with nearly 40% of all parks. Following in a far behind second is a two-year frequency and roughly 18%. 85.8% of all parks make a major investment at least every four years. This data are also consistent with the idea of making frequent changes. A majority of the parks in this market are making constant changes within their parks to remain attractive to the consumers. The outlier for combinations of major investments with minor investments is at the frequency of three years as well with a relatively evenly dispersed result among all other years about 15% average.

Table 3.4 Impact of major investments

	Year 1	Year 2 Unaided	Year 2 Aided	Year 3 Unaided	Year 3 Aided	No investment Unaided
Mean	7.48%	4.98%	3.78%	—	2%	— 4.97%
Modus	7%	5%	4%	—	2%	— 5%
% of response	100%	20%	54%	0%	4%	82%
Minimum	0%	1%	0%	—	2%	— 15%
Maximum	20%	12%	13%	—	2%	+ 7%

(Cornelis, 2011)

Table 3.4 displays the impact of major investments for three years following the investment. The data include investments that were aided by smaller investments, and those that were not. The final column provides the expected response for no major investments were made in the base year. Of the information given, only two parks provided a response stating that a

major investment had zero impact upon attendance rates. Also to keep in mind, only 20% of all participating parks expected the effects of a new investment to last longer than one year and not one park felt that these effects would last longer than two years.

The average impact of a major investment is expected to increase attendance by 7.48%. At a maximum, the highest impact brought upon by a major investment was a whopping 20%. If management does not make any additional investments, we would expect a 4.98% growth in the second year. The terms aided and unaided stand for whether management had to be asked about effects within that year or not. For example, if I were a manager participating in this study I would be asked “What are the yearly percentage effects from a major investment?” If I responded with information for years one, two, and three, my response would be unaided because I voluntarily included those effects and did not have to be asked. Aided figures are results from managers who were asked specifically to detail the effects of a major investment in years two and three. Looking at the discrepancy between year two aided and unaided, you can see that managers who recognize the effects within a second year of introduction are more optimistic than those who do not. In year three, expect a 2% increase from the base year of introduction. There is no unaided response for year three because all managers had to be specifically asked for their input on the third year. If there was no major investments made within the year in question, managers would expect a nearly 5% decrease in attendance.

Table 3.5 Impact of major investment according to frequency

Frequency of investment	Mean*	Std. deviation	Mean (in combination with minor investment every year)**	Std. deviation
Every year	4.24%	2.94	4.58%	1.13
Every two years	6.68%	5.55	7.25%	6.45
Every three years	10.01%	4.74	11.89%	4.12
Every four years	6.22%	5.93	6.50%	6.28
Every five years	5.43%	3.20	5.43%	3.20
Less than every five years	4.33%	1.15	3.00%	—
	7.48%	5.09	8.32%	5.48

* ANOVA ($F = 2.425$; Sig. = 0.049)

** ANOVA ($F = 2.645$; Sig. = 0.043)

(Cornelis, 2011)

Table 3.6 Impact of major investment according to year of investment and park size

Year of investment	Mean*	Std. Deviation	Size of park	Mean**	Std. Deviation
2008	6.21	5.02	Large park	7.06	4.74
Before 2008	8.67	4.78	Medium large park	8.61	4.50
			Small park	6.69	5.56
Total	7.48	5.01		7.48	5.01

* ANOVA ($F = 3.379$; Sig. = 0.072)

** ANOVA ($F = 0.754$; Sig. = 0.476)

(Cornelis, 2011)

Table 3.5 provides insight into the frequency of investments, that is, how recent the investments occurred and the size of the park. The expectations according to frequency are then related to the information provided in Table 3.3. These tables help to answer the question if frequent investments and their impacts affect the impacts of other investments.

Parks who make major investments yearly can expect a constant growth of 4.24% from the most recent major investment. For parks that make major investments every two years, they can expect a 6.68% increase from the last major investment. The largest increase for introducing a major investment comes in a three year frequency, where the expected increase from the previous major investment is 10%. After year three, the investment percentages begin to

decrease, falling to 6.22% in year four and continuous drop from there on. It seems that a park should make a major investment roughly once every three years; the expected payoffs from a major investment are largest in three year intervals.

The standard deviations in Table 3.5 show that 68% of all data will lie within that percentage from the mean. For example, with a three year major investment frequency, we can expect 68% of the data to lie between the percentages of a 5.27 and 14.75 increase in attendance. 95% of the data will lie within two standard deviations from the mean, while virtually all data(99.7%) will lie within 3 standard deviations from the mean. The deviations in this table tend to be large for the information, which shows that there can be a great deal of uncertainty in these forecasts. Branching from the previous example stated, there is a 32% chance that a three year major investment frequency will leave an impact outside of the first deviation interval(5.27—14.75). This shows that the impacts can be situational to the park and that the effects from major investments can vary greatly.

Column three in Table 3.5 presents the mean of the impact of major investments when accompanied with yearly minor investments. For frequency of investments of years 1-4, all impacts are higher when yearly minor investments are coordinated. The largest impact occurs in three year intervals with nearly 12% increase from prior major investments. With a five year frequency, there is no change with a combination of minor investments. The standard deviations for these criteria are also scattered about, which again signals that there is uncertainty and investments can be unpredictable.

Table 3.6 combines information from Table 3.3 and Table 3.5 to measure the impact of major investments according to the year of investment and the size of the amusement park. The left side of the table presents a measure of how consumers respond to major investments broken

up by the average of the year 2008 and the combination of the previous years' major investment impact average. Major investments made in the year 2008 had an impact of 6.21% upon attendance, while before 2008 major investments left an impact of 8.67%. This could be accredited to a bad economy for the year of 2008 compared to the opposing years, but there are no complete visible figures to draw this conclusion. Looking further into the issue, what could cause this is a matter of over-investing by parks. When parks over-invest, the product of the park will become a commodity and consumers will begin to turn away. Another issue could be the over-investment of major attractions and the increase in entrance fees could turn consumers away. There are many errors that could be attributed to the difference in impacts and a considerably large standard deviation.

The right-hand side of Table 3.6 describes the impact of major investments broken up by size of the park. Medium-sized parks tend to receive the highest returns from a major investment with 8.61% average increase in park attendance. Large parks come in second with a rate of 7.06%. Trailing the pack are small parks with an average impact from a major investment of 6.69%. I found these data to be interesting because I would expect smaller parks to have a higher impact on average because smaller parks have less to offer on an overall standard. Larger parks will tend to have more in their parks in terms of rides and services. I would assume that the introduction of a major attraction in a park that has fewer attractions would have a higher return than a large park that already has so much to offer. For example, I would expect a Top Thrill Dragster to have a higher impact upon attendance in Kennywood Park than if it were constructed in Disneyland. Kennywood is a smaller park with less attraction selection while Disneyland has a broad selection of different types of attractions to offer. It seems that having a wider customer base will make major investments more profitable as management can market

the attraction to an extensive base of consumers. The deviations for these figures are also considerably large, showing that the impacts of different parks within these genres. It is also important to note that the percentage point differences for different sized parks fall roughly around 1% from the average of all parks, showing that the size of the park does not make a significant difference in the impacts from a major investment.

Cornelis concludes his research stating “The importance of investing in new attractions is regarded by the management of theme parks as the most important manageable factor” concerning visitor numbers in both short and long term. Investments in new attractions hold precedence over pricing policies and other marketing strategies. It is said by the author that it would be more effective for theme park management to implement a strategy that focuses less on pricing strategies and spend that money on further attraction investments. The value added to the park by increasing attraction investments would have a higher payoff than the money spent on pricing promotions. If parks followed the suggestions by Cornelis, he says that the market could be transformed from a “negative viscous circle” to a “positive viscous circle.” By eliminating the price promotion and adding value to the product of the park, parks could “guarantee their future turnover and right to exist. The advantage is that additional turnover would compensate the increased operational costs.

The average impact from the latest major investment by theme parks amounts to 7.5% with the lowest impact of 0% and highest 20%. From park managers who participated in the study, they expected a 5% decrease in attendance if their latest major investment did not occur. Cornelis further investigates these numbers by stating that “two-thirds of the effect of a new attraction is necessarily for setting off a loss in visitor numbers. Only one-third accounts for the

acquisition of new visitors.” This statement identifies that in comparison with the year before, parks with a new major attractions receives about 2.5% more visitors.

This piece of work does not provide a definite and reliable source for guiding theme park management, but it is a step closer to clearing up some of the uncertainty that is faced in decision-making situation. A frequency of major investments every three years while accompanied with yearly minor investments was the most prominent frequency for investment with 36.8% of parks implementing this strategy. This number also turns out to be the most successful strategy combination presented by the research. This information is helpful to decrease uncertainty of investment payoffs, although the large standard deviations indicate that decisions it would be more beneficial to take a contextual approach for solving specific management issues. It has also been determined that the size of the park holds little significance over the impacts from a major attraction. The main objective of the research done here was to decrease the amount of flop-investments being made and increase the amount of top-investments that will hold higher returns and create a better outlook for the theme park industry as a whole.

Chapter 4: Blue Ridge Amusement Park case study

In this portion of my research, I investigate the managerial decisions of the Blue Ridge Amusement Park and the impacts of these decisions on park attendance. I use the information presented in the previous chapter from Pieter C.M. Cornelis. Blue Ridge Park is located in the Blue Ridge Mountain terrain located in the top corner of The Peach State, Georgia. The data I will use for my analysis run from the year of 2008 to 2011, with additional information for the projections of the 2012 season. The data ranging from 2008-2011 contain actual figures from the year end totals and can be broken up into sections to account for daily admissions, promotions, group/school sales, consignment/hotel, season pass visitors, other validations, and complimentary. According to the scale of Cornelis, Blue Ridge Amusement Park falls under the category of a middle-sized park, which ranges from 0.5million to 1million annual guests. Additional information provided for analysis consists of the yearly investment projects, the budgeted forecast projected by management, and the total financial figures of yearly investments(not including repair and revenue projects).

This case study is interesting because Blue Ridge Amusement Park is in a unique situation to be evaluated in terms of Cornelis' research. In 2007, the park filed for bankruptcy and was bought by another entertainment company in 2008. Prior to the new acquisition, Blue Ridge was a family owned business. It would have been interesting to attain data leading up to the 2007 bankruptcy, although that information was inaccessible. In my investigation of Blue Ridge, it appears that in the year of 2007 there were thirty-six attractions, twenty-five refreshment stands, seven shops, and seven shows. Regardless, there was something about this combination of attractions and the way in which management invested that led Blue Ridge Amusement Park to bankruptcy.

Table 4.1 Yearly actual attendance and budgeted, Blue Ridge Amusement Park

	2008		2009		2010		2011		2012	
	Total	Budget	Total	Budget	Total	Budget	Total	Budget		Budget
Daily Admissions	84,074	96,250	41,177	72,358	43,421	89,580	43,275	49,767		44,000
Promotions	74,863	166,250	97,791	78,053	74,253	72,000	60,762	88,620		64,726
Groups/schools	74,662	148,750	68,295	110,606	68,452	78,000	61,274	79,253		66,499
Consignment/Hotel	6,332		10,324		23,139	10,400	35,651	25,643		40,001
Season Pass	287,726	420,000	242,707	291,496	290,342	289,000	308,051	334,971		296,098
Other Validations	59,065		41,922		45,338	35,862	47,044	39,295		46,175
Complimentary	38,983	43,750	38,787	63,849	39,650	35,158	34,206	34,777		34,501
Total	625,665	875,000	541,003	616,362	584,595	610,000	590,263	652,326		592,000

Table 4.1 presents data of the year by year attendance budgets and the actual attendance figures for the year. As stated before, the data are broken down by the variables in the far left column. In the bottom row, the totals are presented where the percentage changes from year to year can be evaluated and also compared with the forecasted number of guests. It can be seen that in every year, management had over-budgeted for the amount of number visitors. This indicates that Blue Ridge Park was optimistic about the investments being made and expected a larger turnout than what had actually occurred. In the first year of 2008, which happens to be the first year of new ownership, the budget was over the actual by almost 250,000 guests. The final column of the table provides the expectations for the upcoming 2012 season.

Table 4.2 Yearly actual growth rate and expected growth rate, Blue Ridge Amusement Park

	Actual Growth %		Expected Growth %	
2008-2009	-13.53		-1.48	
2009-2010	8.05		12.75	
2010-2011	0.96		11.58	
2011-2012			0.29	

For the years of 2008 and 2009, Blue Ridge Amusement Park invested in 3 new attractions. The first investment debuted in 2008, which was a minor investment of a new thrill ride. In 2009, a new major water park attraction and interactive bird sanctuary was added to the

park. From these investments, management expected attendance to drop by 1.48% when it actually dropped by 13.53% from the 2008 season to 2009. The total financial figure of investment for the two years amounts to \$3,693,000. The expected and actual drop in attendance can be attributed to the factor of new management. From my personal experience at Kennywood Park, I recognized that the public outlook of the park changed when new ownership took over. I was able to observe the outlook shift through media and social network sources as well as customer complaints. I had the opportunity to be a part of Kennywood employment while the park was in a similar transition to Blue Ridge. I was able to interact with customers who were pessimistic about their return to the park after the new ownership was in place. Through this, I deduct that in this industry, when the family aspect is removed from the business, consumers will tend to look at new ownership as a negative aspect. Many guests that I had the chance to talk to were concerned that the tradition of the park was going to change and that prices would be driven through the roof. I attribute a similar aspect to the takeover of new management in this situation. I further identify this aspect with the difference in attendance from groups and schools(42,311) and the difference in season pass visitors(48,789). Season pass visitors are local consumers who wish to visit the park without limits during a season for a one-time, fixed price. These extreme differences draw the inference that with the selling of the company, brand loyalty is lost because consumers expect the experience of the park to change negatively.

The results of the impacts from the mix of major and minor investments have no significant correlation with the data presented by Cornelis. From Cornelis' research, not one park suggested that a new major attraction would have a negative impact on attendance. The lowest impact on attendance recorded by the research studies was 0% while the highest was 20%. This predicament supports the idea from chapter 3 concerning the standard deviation of

the research (Cornelis, 2011). Investments can be unpredictable, whether the investment be major or minor.

For the year of 2010, Blue Ridge Park introduced three new attractions. All three attractions were minor, investing in a family roller coaster, scrambler, and flying scooter ride. These investments were focused primarily at targeting the family consumers. The impacts from these investments rose attendance by 8.05%. This is interesting because the major investment from the previous year had very little impact, but three minor investments amounting to \$710,000 produced a spike in attendance. I find it odd that after such a down year from the year before and with smaller investments, management had an expected a 12.75% increase. The number of season pass visitors for 2010 rose back up to expectations from the previous year. This indicates that with these investments, management was able to regain a grasp on the park consumer base. Cornelis' research would not predict this outcome for the situation. From the research, one would assume that if attendance were dropping while major investments were being made, there would be no way to come back from that. The impact of a major investment said by Cornelis' research states that a medium-sized park should expect an 8.61% increase.

Let us consider that it took time for consumers to become optimistic about their visitation to the park. This would explain the 8% increase for the year of 2010. It is said that impacts of an investment last longer than just the year of introduction. Could it be that the impacts for the year of 2010 could be attributed to the prior years' attraction?

For the 2011 season, Blue Ridge Amusement Park invested in a major attraction of two new water slides for the water park and new animals for the petting zoo. Accompanied with 1million invested in marketing, the total for the year amounted to \$3,450,000. This was the most interesting year in terms of impacts. For the amount of money invested and the two new

attractions, there was an increase in attendance of less than 1%. Management was expecting an increase of almost 12% for this year. There was no significant difference in the breakup of attendance variables; season pass visitors rose by nearly 18,000 while promotional visitors dropped by almost 14,000. Year 2008 daily admissions has been nearly cut in half for all years following and had remained consistent since.

In the year 2012, management is expecting only a .29% increase in attendance from refurbishing the park. Projects for 2012 are set to renovate restrooms, repaint three coasters, and update the exterior of buildings. These are very minor investments that will make the appearance of the park more interactive, up-to-date, and visibly pleasing. From the research done by Cornelis, one can expect that in the year 2013 Blue Ridge Amusement Park will invest in a major investment.

Although research shows that major investments hold higher returns, Blue Ridge has not supported these results. It seems that Blue Ridge Amusement Park has found itself in a niche where families are attracted to visit and revisit for the family atmosphere. The data presented disproves Cornelis' hypotheses. Although Blue Ridge is in a unique and vulnerable market position, the figures do not match up correctly. In simple terms, major investments did not yield positive impacts on attendance. In contrast, the addition of family and local oriented rides led to a spike in attendance for Blue Ridge. The events contradict Cornelis' research and confirm that theme park investment impacts will be particular to the firm and consumer base of the park. My study infers that consumers who are likely to visit Blue Ridge do not hold high interest for major attractions or water park attractions. Family-interest investments have shown to provide similar effects of a major investment as described Cornelis' research. The impacts of investments within the Blue Ridge Amusement Park do not support the data provided by Pieter C.M. Cornelis.

Chapter 5: Discussion and Conclusions

When I began this project and developed it from my three years of employment at a theme park, I did not expect to discover what an interesting and unique market it is. With my first two chapters, I was only scratching the surface into what sort of managerial issues are present in this industry. In chapter two, I discussed Roger Van Oest and his co-authors and their theory of attractions with the reinforcement effect and saturation effect (compliments vs. substitutes). Using these theories for example, I found that effects such as these are going to vary from one park to another. The effects will be situational and to parks of all different genres. Even when looking at roller coasters as a product that has diminishing marginal utility, I find this statement to be false as Kennywood has three main attractions (wooden roller coasters) that have been erect since 1920, 1927, and 1868. From all of the research performed, the over-arching idea I have developed is that investments will almost always be unpredictable because it is a constantly changing market. Not only does the theme park market interact within itself, but parks must also compete with other industries such as film, concerts, sporting events, and vacation destinations.

The objective of a theme park is to keep consumers happy and invest to remain appealing to the consumer market for entertainment. When I first read the Cornelis article, I was beginning to assume that in order for a theme park to stay in operation, not only must it keep investing, but it must always be growing in terms of attendance rates. What this case study has revealed is that although this may be the case for some parks, other parks can rely on maintaining an equilibrium of guests that may fluctuate from year to year. These fluctuations can work around a basic average where the park stays in operation, but growth must not be so rapid that it causes parks to become crowded and inefficient. In Chapter 4, I was able to see that in order to stay in business

parks do not need to make substantial growth from year to year. There will be down years, and there will be up years. Cornelis leaves the impression that a theme park will go bankrupt if it fails to grow numbers from year to year. Picture this instead of the constant growth idea, an investment model where parks make fluctuated investments from year to year and that the choice to invest or not invest will have a negative or positive impact. Let us say that the impacts of these investments create an interval where the attendance will fluctuate around an average due to yearly investment strategies. I would expect a model similar to this for parks that do not have expansive opportunities. This would allow the park to be less crowded and leave guests with a satisfied experience. I for sure would not like to be in a park with six major attractions, 70,000 guests, and a small surface area for guests to commute.

Cornelis' research focused primarily on the size of the park to break up investment effects. I feel like it would be most interesting and beneficial to examine the impacts of investments for parks who are involved in a specific niche or situation. Examples of a specific niche would include family park, coaster enthusiast park, kids' park, or water park. Specific situations would include unique conditions like Blue Ridge Amusement Park in 2008 after the park had recently filed for bankruptcy.

I feel like looking at the market in this way would eliminate the uncertainties by giving parks the opportunity to evaluate their position in the market, and look to data of other parks that are similar. This became evident to me when looking at the impacts of investments for Blue Ridge Amusement Park. When investing in a major attraction for the 2009 season, Blue Ridge saw a 13.53% drop. These data are not nearly consistent with any of Cornelis' research. If there was data available that had broken down the impacts of investments for parks that had recently

filed bankruptcy and cater to a family atmosphere, Blue Ridge may have been able to close the gap between attendance expectations and actuals.

From my research, I conclude that while research can be narrowed down, there is no reliable way to predict what impact an investment will have. Consumers will always have different views of different attractions. This is evident when thinking of the substitute vs. complement effects when adding an attraction to a park. If these effects hold any truth, it would be impossible to predict the impacts of a major investment that is based upon averages. The introduction of a major investment could holster either of the effects described and the impacts will be different due to the reinforcement and saturation effects. Also, if the data is based upon averages, it will represent the mean of many parks that are investing in these variations of attractions that are said to have different impacts. All in all, the numbers of variables that come into play for the impacts of investments are vast and seemingly infinite. Each park has a special combination of attractions and themes that make them unique to their own customer base and the growth can be limited by the availability land expansion. As each park is unique, impacts will vary greatly because management decisions are being made with diverse intentions.

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