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TRENDS IN GROWTH AND SEGMENTATION OF THE THEME/AMUSEMENT PARK INDUSTRY

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ABSTRACT

In this article the author updates current predictions for growth and segmentation of the theme/amusement park industry. There is an examination of factors contributing to growth including the casino industry, shopping industry, psychographic and demographic factors, leisured marketing and the boom in small and mid-sized facilities.

INTRODUCTION

It is always exciting to imagine an article about the theme park and amusement industry. For those readers not familiar with my prognostications in this and other publications regarding the this industry we will review these as necessary. Some of these made in the past in Visions in Leisure and Business, the New Jersey Amusement Association's monthly newsletter and other publications, have or are coming to pass. These prognostications are based on following this dynamic industry and participating in it for over 20 years. The thoughts to be expressed herein are arranged in appropriate subsections.

Your author has predicted that there would be renewed growth in these industries in the 90's and as of this writing growth is most apparent. There has been extensive large scale development on the International level including major theme park development in Europe, South America and Asia. In the U.S. growth has appeared in the smaller facility area now commonly referred to in the industry as Family Entertainment Centers or F.E.C.'s and is now starting to emerge in the form of the building of moderately sized larger facilities and even some building of full scale theme parks.

OVERSEAS DEVELOPMENT CONTINUES

Interest in the development of amusement facilities in Europe and Asia has peaked in recent years. The building of major theme parks in France including Park Asterix (based on the French cartoon character that is all but unknown in America) and EuroDisney have set the pace for development. In Asia and the Pacific Rim area major theme park development abounds in countries such as Korea with its successful "Ocean Park". Japan will be the site of a new Universal Studios park in several years and new development

throughout this region with innovative facilities of all types abound. Lately, there has been strong interest in amusement facility development in Mexico and Central and South America. Development of moderately sized facilities seems to be very popular in these areas. Development in foreign countries has played a strong role in the late 1980's and early 90's at a time when development was weak in the U.S.

AMERICA NOW BLOSSOMING

There is no doubt that the United States is seeing strongly renewed interest in the theme and amusement industry. The New York Times (July 21, 1996) contained a story in its business section declaring the leisure business having the second annual growth rate according to the U.S. Bureau of Labor Statistics of 6.2% second only to business services at 6.7%. It was further mentioned that this growth was being lead by amusement parks and casino development.

As we embarked on writing this installment it was announced that the Six Flags Company would team up with an Indian Tribe in New England to finally build a large theme park in the so called "Boston Market". This market is the largest metropolitan area not to have a major full scale theme park facility.

The battle of the titans in Central Florida continues with both Walt Disney World and Universal Studios continuing to try to one up each other and with the Busch Entertainment people trying to use their marketing savvy to maintain their part of the market share. The battle of the titans continues to spur the development of this theme and amusement park super-region with many moderately sized attractions

periodically appearing. Recent examples include the development of Splendid China (a relatively full sized theme park) to the opening of smaller facilities such as The Race Rock restaurant (the first large fully themed rock and roll and motor racing themed restaurant) and the American Gladiators Dinner Show (based on the popular television show).

MAJOR THEME/AMUSEMENT PARK GROWTH FACTORS

In upcoming years in addition to the new theme park based in New England it is likely that we will see new larger sized regional themed and amusement facilities being built. This trend can be fueled by several factors and market segments including:

1. The Casino Industry - This industry has now found that family oriented entertainment greatly enhances its success. It is the authors belief, however, that moderately sized facilities rather than major facilities work best in combination with casinos. (A discussion of this appears later in this article.)
2. The Shopping Industry - Shopping centers have also fully discovered that use of amusements also enhance their operation.

The integration of amusement facilities into this type of business will continue. (A discussion of this appears later in this article under "leisurized marketing".)

3. Psychographic and Demographic Factors - Our need for communal recreation appears to be increasing. John Naisbett's notion of high tech yielding a need for high touch in his book Megatrends still

rings true some ten years after he wrote the book. The sense of community and participation with others human beings in our leisure life is of growing importance. The amusement facility provides an important stage for this need to be met. Additionally, the population is expanding continually so the need for amusement facilities will also continue to grow moderately. We are also learning to market more effectively to all market segments including senior citizens. This is causing an expansion in the total market. Walt Disney Worlds recent highly visible attempt to market towards mature adults is of particular note in this category of activity.

4. Entertainment and Participatory Parks vs. Iron Ride Parks - Iron ride parks, which feature mostly the spin you and toss you around types of rides are still the predominate type of large theme/amusement park in the United States. It is likely that we will see significant development in larger entertainment oriented parks such as Sea World, Walt Disney's various theme parks and Universal Studios which have all served as prototypes for this genre. At these parks, entertainment is delivered by visual and other systems that appeal to a larger demographic than traditional iron ride parks. There is also room for continued growth in participatory activity mega-facilities including water rides and other recreations that require the active engagement of the participants physical abilities while engaging in the designated activity.
5. Leisurized Marketing - The author's notion of "leisurized marketing" and its importance to the theme and amusement park industry continues to help fuel

development of these businesses. (See Box.)

The Industry and the Leisurized Marketing

It's been about fifteen years since your author coined the phrase "leisurized marketing". This phrase infers the utilization of recreational and leisure concepts to market all types of products and services. The theme park and amusement industry provides perhaps the best permanent stage both now and into the future for leisurized marketing concepts. Leisurized marketing concepts take on numerous types of roles in these facilities and are present in everything from the small mom and pop miniature golf course/family entertainment center to the major theme park. These leisurized marketing concept utilized the most in the theme and amusement park industry are commonly referred to in the business world as "corporate sponsorships".

The major fuel or mechanism which is so attractive to marketers is the synergy between a wide variety of products and recreational/entertainment activity. Associations with fun make numerous products and services artificially more attractive to their potential buyers. Examples ranging from smaller ones to larger ones include:

1. Sponsorships of parts of a particular facility within a facility. An example would be the sponsorship of individual miniature golf course holes by various local business.
2. Sponsorship of a particular activity or facility such as laser tag within a particular facility. The sponsorship of certain rides or attractions is commonplace in many theme parks.

3. Sponsorship by a product to be associated and utilized within the entire facility. An example would be a soda product being associated as the official soft drink of a particular facility.
4. Sponsorship of the entire facility. This is called "title sponsorship".

The attractiveness of "leisurized marketing" is likely to continue and grow in significance to the amusement and theme park industry. The synergy created between products and the facilities and activities offered by the industry has added value to many consumer products and services. The synergistic relationship is exactly what makes the association of amusements and entertainment facilities with retailing operations of all types so important. The importance of entertaining the public while they shop is a concept that goes beyond corporate sponsorships and will continue to be a highly significant factor in the marketing of all consumer products and services well into the future. Eventually, it will be hard to operate stores without offering some kind of "leisurized shopping" experience.

THE BOOM IN SMALL AND MID-SIZED FACILITIES

The aforementioned growth factors which can fuel the growth of larger facilities in the next ten years can also have a profound impact on the development of smaller and mid-sized amusement facilities. With the re-dawning of the Family Entertainment Center business in the late 1980's we have seen a whole new staple come on line in America's leisure diet.

Family entertainment centers, as some of you may recall, had their first incarnation in the early 1980's. They were actually created with the dawning of Chuck E. Cheese's Pizza Time Theater by Nolan Bushnell, the founder of Atari, the video game manufacturer. Pizza Time Theater and countless other first generation F.E.C.'s went into bankruptcy and in many cases went out of business. Your author predicted this downfall due to the fact that most of the operator's did not understand that these facilities were not fast food restaurants that offered amusements, but rather amusement facilities that offered fast food as part of their overall entertainment mix. Additionally, the original operators did not understand how to effectively market the facilities in the long run.

The second incarnation of F.E.C.'s has also had a somewhat bumpy ride. Recently, as predicted by your author over three years ago with great accuracy we saw the bankruptcy of Discovery Zone. Discovery Zone did not fail due to all the same reasons, however, that caused the demise of the early 80's F.E.C.'s. Discovery Zone utilized a great amount of people trained and experienced as fast food managers. These people had similar flaws in their abilities to manage and market Discovery Zone's operations as the group of people who operated the early 80's F.E.C.'s. Glittering deficiencies in the design and operation of Discovery Zone which led to its downfall included:

1. Limited Demographic Market
Discovery Zone focused on a narrow age group, whereas many F.E.C.'s cater to all age groups. Although it is possible to cater to a more limited age group it takes constant creative recreational programming and change/modification of the facilities to do this. A persistent

multi-dimensional recreational/edutainment (edutainment is a word that has been coined by the industry to describe its facilities that both entertain and educate the guest) is required to succeed in the limited age group market which is something that Discovery Zone was unable to do.

2. Poor Food Facilities - It was hard to believe that Discovery Zone's food was bad, especially when you consider the numbers of fast food managers that it had in its employ.
3. Poor Electronic Game/Redemption Operations - Discovery Zone palled in this area in comparison to other F.E.C.'s.
4. Limited Activity Diversity - In part due to its focus on a limited age group Discovery Zone focused too much on "soft play" equipment rather than a more diverse array of facilities. Offerings were further limited due to space restrictions since Discovery Zones were mostly located in more expensive strip mall or shopping center locations rather than the cheaper free standing building locations that many larger F.E.C.'s are located in.

In addition to Discovery Zones other F.E.C.'s in the second incarnation have met their demise. For survival it is important that F.E.C.'s pay close attention to the following points:

1. They must meet their designated market - Usually the larger the population the larger the F.E.C. will need to be to survive in the long run.
2. They must be able to change rapidly - F.E.C.'s should be able to change their

entertainment/edutainment offerings as warranted by new offerings.

3. F.E.C.'s must develop a greater reliance on recreational software rather than hardware - Few F.E.C.'s have mastered the art of recreational and entertainment programming or as your author says "software" rather than "hardware". Hardware consists of equipment you buy and install which then offers activity to the public. This includes such items as soft play equipment, video and pinball games, redemption games, amusement rides, laser tag, miniature golf courses, batting cages, etc. Recreational software includes the programming and modification of all the hardware through recreational program activity such as special seasonalized theming, special contests and competitions, birthday parties, etc. An example would be taking a miniature golf course and theming it at various times of the year to such themes as a haunted golf course for Halloween.
4. Marketing - F.E.C.'s must carefully track their markets and promote to all market segments.
5. F.E.C.'s must have trained managers and marketers - Many people going into this industry are attracted by its fast cash flows. They know little or nothing about the business or the nature of recreational enterprise. Consequently, there will be an increasing need for trained managers and marketers to staff these facilities. Those who do not hire trained and experienced personnel will have difficulty surviving in the continually competitive marketplace.

Regardless of success or failure various types of F.E.C.'s will continue to flourish.

The trend will be toward increasingly larger and more imaginative facilities if the marketplace has big enough population demographics to support the facility. In the late 1970's your author began to talk about "LeisureMalls" (TM) these facilities are envisioned to be entertainment/recreation shopping centers which may include:

1. A wide variety of different recreational/entertainment facilities including amusements of all types. Such things as nightclubs, bowling alleys, movie theaters, miniature golf, laser tag, soft play, etc. will be combined together into one giant regional entertainment center.
2. A wide variety of leisure/recreation/sports/entertainment products including sporting goods mega-stores, recorded entertainment mega-stores, toy mega-stores, etc.

These facilities may first start to appear as part of existing regional shopping malls. They will cause huge shifts in the marketplace and force out of the marketplace free-standing smaller F.E.C.'s and recreational facilities of all kinds. They will be full family service facilities offering activities for children complete with "child care" or "babysitting" services so that the entire family can enjoy a night or day out at the same time.

Another trend in the F.E.C. marketplace will be the entry of major players. Although the first of these (i.e. Blockbuster Video's venture into Discovery Zones) was a failure we do expect companies such as Disney, Universal, or Busch Entertainment to get involved in the regional mid-sized themed entertainment facility market. This would be the next natural extension of the success some of these companies have had with

retail stores like the Warner Brothers Studio Store and The Disney Store.

In the interim there will be a saturation of development to the point that F.E.C. type facilities will serve virtually every viable market in a fashion similar to movie theaters. Although they will not be as plentiful as movie theaters unless they can master the utilization of software rather than hardware (after all, it is the software of the motion picture that makes the movie theater such a viable entertainment business) they will become available across the American and perhaps worldwide landscape.

CONCLUSION

In summary, this article has revealed the three major segments which will continue to fuel development in the amusement park and theme park industry. These include:

1. A New Generation of Major Theme Parks - This segment is lead by the Central Florida Megamarket and the development of entertainment rather than iron ride type parks.
2. The Symbiotic Market - The symbiotic market encapsules the increased utilization of amusement and theme park facilities in conjunction with other entertainment segments or activities. This area includes the utilization of amusement facilities in shopping malls to produce "leisurized marketing" environments. The other major segment in this arena is the utilization of amusements in conjunction with casino gaming establishments.
3. The F.E.C.Market - Although the F.E.C. market will remain in the foreseeable future varied types of small and mid-

sized facilities it will be ever changing and will definitely continue onward into

the next century with a bigger is better" trend.