

SPLASHING THE CASH



Consultant David Camp looks at the waterparks sector, how it can benefit the rest of the industry and how to make your waterpark venture a financial success.

There's been a lot of interest in waterparks in the past couple of years. Both Six Flags and Parques Reunidos have been busy in the sector and Europa Park is set to open their Rulantica waterpark expansion later this year. So why is there so much interest in this attraction type and how does it fit into the rest of the visitor attractions sector?

The numbers

To start you need to take a look at the numbers. Waterparks are cheaper to develop than theme parks. Six Flags invested less than US\$20m to refurbish a waterpark in Oaxtepec, Mexico, that had been closed for a few years. Contrast this to the US\$700m budget for the planned Six Flags theme park in Dubai (currently on hold due to financial issues), or the US\$50m that Six Flags invested in Walibi Holland when they rebranded the park in 2000 and the difference is obvious.

Another important factor is that waterparks can generate higher operating profits than theme parks. While a strong performing theme park may deliver a 30-40 per cent operating profit margin on an annual basis, a strong waterpark can generate profits of 50 per cent or more.

Absolute revenues are very different – theme parks can generate far higher total revenues than waterparks – but having a number of profitable waterparks within a portfolio can be very good for business.

Six Flags, for example, has seven waterparks among its 20 operations and Parques Reunidos has 20 within its total group of 60 units. The profits from these operations are important for the overall business returns on these investments.

Weather warning

The most obvious issue for waterpark operations is the weather. With many of these attractions only opening for 100 or so days a year, and with 40-50 per cent of annual visits coming during their busiest month, just a couple of weeks of bad weather in the peak summer period can wipe out any potential profits.

This has led to waterparks in more northerly climates being developed indoors, however, that hasn't always been a wise move. While an indoor waterpark can open all year round, demand is still stronger in the summer months than in the winter.

Opening all year also requires significantly more staffing, heating and other operational costs than a seasonal business and there are few free-standing

More than 30 million people visited the world's top 20 waterparks in 2017

indoor waterparks that can operate without some form of financial support. In many countries, this support often comes from the public sector.

Water gains

One way to make an indoor venture successful is to combine it with other activities. Operations such as Center Parcs and Lalandia in Europe, along with Great Wolf and Kalahari Resorts in North America have utilised the appeal of a year-round indoor waterpark and created large scale resort operations with significant accommodation offers.

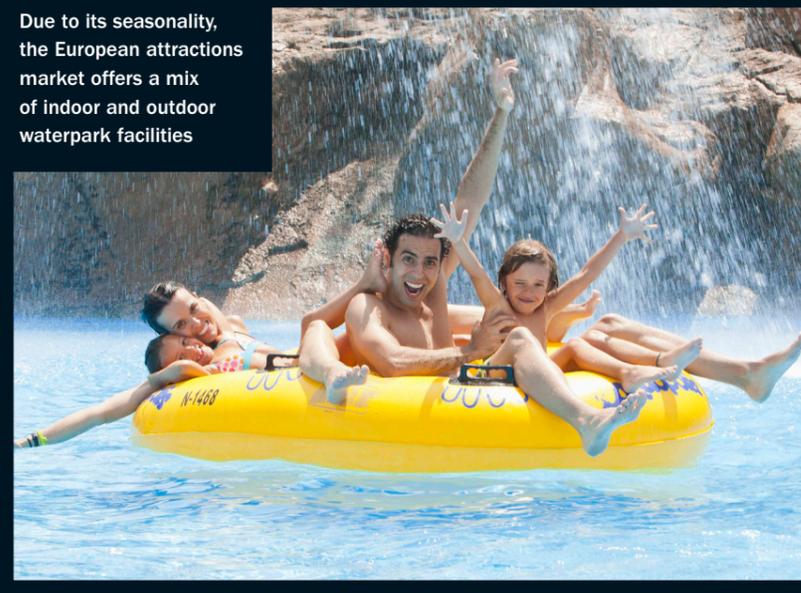
Center Parcs' resorts can accommodate up to 3,000 guests at one time within the accommodation and the Kalahari Resort in Pocono has a 22,000sq m (237,000sq ft) waterpark, 1,000 bedrooms and a 4,000sq m (43,000sq ft) entertainment centre. In these destinations, the waterpark serves to differentiate the resort and attract guests to stay over, with the hotel able to charge stronger room rates than other



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Having multiple waterparks within a single attractions portfolio can prove a very successful prospect

Due to its seasonality, the European attractions market offers a mix of indoor and outdoor waterpark facilities



accommodation in the local area due to the presence of the waterpark.

While the Kalahari is large it's dwarfed by Tropical Islands, a waterpark just south of Berlin, Germany, which opened in 2004.

Created within a 70,000sq m (753,000sq ft) former zeppelin hanger, the owners rapidly realised that the only way to make money from the business was to add an accommodation option.

Although the development was slow at first, an ambitious masterplan was developed for the 6.4sq km (2.5sq mi) site. This led to approval being received in 2017 for a resort expansion that would allow for the development of up to 9,000 bedrooms. This expansion potential was a major factor in Parques Reunidos decision to pay €226m (US\$256m) for the waterpark and its associated real estate in 2018.

Another important area of waterpark development is as a second gate.

WATERPARKS



► The majority of Six Flags' waterparks are located alongside their theme park operations, PortAventura has had a waterpark since 2002, and the Looping Group has been adding waterpark elements to its park operations in recent years.

More and more often, waterparks are being used to boost the profits of an already existing successful venture, such as a theme park

Global developments

The opening of Universal's Volcano Bay waterpark in Orlando was the big news of 2017. The immersive waterpark experience attracted 1.5 million guests in its first year to complement the ever-increasing visitor volumes at the company's other two Orlando theme parks.

There have been other new park developments around the world, many of these opening in Asia. China is now home to the world's most visited waterpark, Chimelong Waterpark in Guangzhou, which attracted 2.7 million visits in 2017.

The latest major European waterpark expansion is at Europa Park, which is investing an estimated €150m (US\$170m) in the creation of a 33,000sq m (355,000sq ft) waterpark with hotel accommodation (see p60). Called Rulantica, this, says Europa Park, will complement the existing theme park and help build on the 5.6 million people that already visit the resort each year.

While helping the team at Europa Park to plan this expansion, we examined a number of theme park and waterpark destinations around the world.

We discovered that waterparks built near to theme parks are typically able to achieve attendance levels of between 10-20 per cent of the associated theme park visitor numbers, and often the admission prices for the waterpark are not far below those of the theme park. This is a significant additional volume of visitors and revenues that can make a major contribution to the finances of a resort.

Technological leaps

As with theme parks, there's a need for waterparks to invest regularly in their rides and activities to keep visitors returning, and there have been some exciting advances in waterpark rides in recent years.

The Master Blaster's development in 1996 was a major advance as it allowed riders to be pushed uphill, creating a rollercoaster-style water attraction. This has been further developed with HydroMagnetic and Zip Coasters that create theme park-style thrills within waterparks.

In recent years, waterpark ride manufacturers have increased the size and impact of bowl rides, funnel rides and halfpipe slides. Whitewater West has also developed a looping waterpark ride.

Surfing technology has also rapidly improved through the years, with a range of different rides now available that allow guests to safely experience the thrill of surfing within either a waterpark environment or on a surfing lagoon.

Final thoughts

While the world is becoming ever more digital and virtual, family water play still has a refreshingly enduring appeal. This, combined with the exciting new rides and attractions that being developed each year, will serve to continue the industry well and drive more developments in the future. ●

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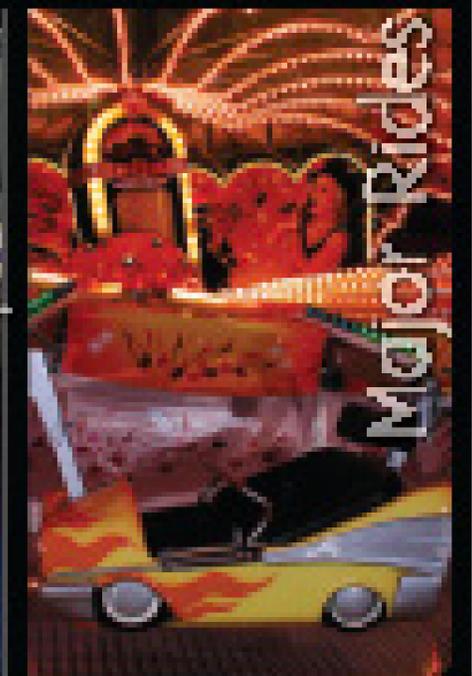
Veretian Carousels



Wildak Rides



Bumper Cars



Major Rides