**Strategic Management Scenario Project**

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**Plausible Strategic Moves**

The three alternatives that are being presented for a possible diversification in our current amusement park business would be: 1.) Expanding revenue by developing on-site lodging; or development of a second amusement park as a complement to the current park. 2.) Developing a water park which will appeal to customers in the summer months, which is also tied into the original amusement park itself. 3.) investing capital in the existing park to increase customer demand. Let us discuss how each of these strategies holds up against one another and how the customers and/or suppliers would react to each of these decisions.

Firstly, the option of developing on-site lodging for a second amusement park isn’t a bad idea at all. If on-site lodging is developed, that would mean that the current customer base would have a place to stay that is very close to the park, and would be included in some ticket packages. Having on-site lodging would also make any consumers who haven’t yet visited the park more likely to go. Sometime people don’t want to travel a long distance to the park and then either go directly home after or try to find a hotel nearby, that is either too expensive or too far away. If on-site lodging was included in certain ticket packages, then it’s a win-win. Development of a second park could be beneficial, but I feel as though given the weather of Florida (and the South Easter U.S. in general), a water park might be a better trade off. Also, compared to pumping resources into the current park, it might be more beneficial to just do that rather than make another one. It is possible that the current suppliers might not be able to meet the needs of the expansion, but for the most part, most of the same suppliers could be used for expansion, as well as lodging.

Next, the option of developing a water park that is tied into the original amusement park. This option might be the most attractive option, especially in the Southeast U.S. (Florida) where it is hot almost year-round. This option provides a little bit of something for everybody; amusement park with primarily roller coasters and the like and accessible year-round, but if there is a location in Florida, sometimes it does get *very* hot outside, and a guest might not want to stay there as long as they might if it were a little bit more tolerable outside. The water park provides a good in-between for the summer months, as not only is there a big pull during that time because of the weather, but it also provides somewhere else to go if the customer does not want to spend all day in the heat. Being that the water park is also tied into the amusement park, it could be possible to make ticket packages where customers could pay one fee and get tickets to both parks. As far as the suppliers are concerned, it’s a little bit tricker than the ladder option, being that manufacturers of roller coaster and manufacturers of water slides don’t have much, if at all any crossover, and a new supplier of water rides would have to be partnered with. Other than that, the same suppliers for food, infrastructure, landscaping, etc. could be used at both parks.

Lastly, the option to invest in the current park is not a terrible idea, but it is a bit risky. Currently, business at the existing park is very good, and investing further into it would only increase profits, as the customer base is already strong. If customers are already participating in the current amusement park and business is good (it is, as stated in the prompt for this project), then expanding it even further would only do good. Expanding the current park would make the present park frequenters happy, as they now have more content to access and consume It would create a draw for new customers as well, as if they haven’t been to the park already, it might provide them with more of a reason to go now. The risk comes with the fact that if some type of casualty were to happen at the park, there is only one park, so the park itself would take all the blame. If two parks existed (or a second water park), it is highly likely that customers would just go to the other park. Suppliers would not really be an issue in this situation, as you are just using more of the current resources to make the park bigger.

**Implications of Strategy**

Some of these decisions have more impact on current employees than others. In the situation of lodging / a second park, no real consequence comes from incorporating a second park, other than hiring more employees to do almost the exact same thing that current employees are doing at the first park. The only real issue arises with the lodging, as an entire new set of skills would be required to run a hotel. Some things might carry over, such as chefs and employee supervisors, but entirely new types of employees are needed for things like room service, cleaning, check-ins/check-outs, etc. While it’s not anything drastic and highly skilled, it does require a slightly different approach to finding proper candidates. In the situation of expanding the current park, there is also not too much of an issue, other than finding more employees. The water park might be the trickiest venture to approach, but not by too much. All new employees need to be found, but as far as what they are actually being trained to do, the food services remain the same as at the original park, the cleaning remains the same, the management remains the same, etc. The only real difference would be that employees would need to be trained in water safety rather than rollercoaster/ride safety, and lifeguards would have to be incorporated. These two things fall under the same category, so, yes, the training would have to be slightly different, but the same people who are good at and concerned with ride-safety are most-likely the same people would excel at water safety, given that they know how to swim.

Branding, advertising, and promotion methods would most likely remain the same in the event of a second park and expanding the current park, the main draw of the advertising literally just being that itself, a new park, or a larger current park. The advertising for the possibility of lodging would have to be a bit different and put emphasis on how close the lodging would be to the park, as well as how quality their service is to further explain the point that they don’t only have fun rides, but also a great place to stay. The advertising for the waterpark would most likely follow the same guidelines as the current park’s advertising, but would have to emphasize how hot it is outside, and how the water park could be a great alternative to going to the theme park on a very hot day. For the most part, the same exact resources could be used for all of the advertising, a couple things just might have to be tweaked here and there.

The ethical implications of safety at any one of these options is consistent across the board. While rides in general are a little bit risky and unsafe, the actual injury rate of them is surprisingly low, that being that an injury occurs in 1 out of every 15.5 million rides (not including carnival rides, those are much riskier, and will not be included at the parks) (Chen, 2023). As far as the environment goes, all options are wasteful, and honestly all of them are equally bad. Lodging probably requires the least number of resources, but that also comes with a second park, which requires more energy. A water park may seem “*surface-level*” less wasteful, but it requires *a lot* of water to keep it up and running, which can take away from the local water supply. Expanding the current park would fall into the same category as adding another park, as far as resources are concerned.

**Decision Alternative Choice**

Jumpstarting a new waterpark through the methods and resources previously mentioned is possible and within reason, but a better method through which to create a new line of business would be to acquire an already existing waterpark business an expand upon it. While a lot of the resources currently used at the existing theme park could be used to build an entirely new waterpark, minus the new rides which would possibly need a new supplier to acquire, it would be much more financially beneficial to acquire an already existing water park. The newly acquired water park could be revamped and remodeled with a couple of added rides and then rebranded to better fit within the scope of the already existing amusement park. The issue with this would be that a waterpark would have to be somewhat close-by to the amusement park, but if that is not possible, and also previously mentioned, it would be within the realm of legitimacy to build a new one, considering the current park is already doing very well financially. The diversification strategy used to do would be the best cost strategy. Since the park is already making a decent amount of money, I think that they would be able to tank the initial blow that might happen financially while getting the water park up and running. If we are shooting for a best-cost strategy, then the initial expenses followed by offering a better ticket sale price to customers might be a bit a of heavy load at first, but since the company has zero debt, a 1.5 current ratio and could easily finance significant expansion, there shouldn’t be too much to worry about. Offering ticket prices at a slightly lower price than competitors could be very beneficial in the long run, as well as incorporating package deals on tickets. The package deals on tickets could packages like passes that are less expensive than multiple tickets, but let you come back all year; or a package deal where you get tickets to both the amusement park and the water park for slightly less that you would spend for each of them individually. A vast majority of an amusement park’s / water park’s profit comes from not only ticket sales, but also the food and merchandise that people buy once they’re inside the park, so the only real barrier to making profit is getting people into the park in the first place.

**Impact of Choice**

The rollout of the new water park won’t be too much different from the rollout of the original amusement park. Realistically, all that needs to be done is to take the original campaign and make a few tweaks here and there, since the platform for which to do so already exists. The marketing for a new water park could follow a similar theme to the theme park advertising, given that the two parks have a similar theme; take Sea World and Aquatica for example. Sea World, while mostly animal-activity based, has a couple of rollercoasters. Aquatica is the waterpark equivalent, but, is more based around water rides than it is around animals and rollercoasters. The advertising for both is almost exactly the same, except one advertises the animals and one advertises water rides. The general message is the same though, “come to our parks and have fun for the whole family.”

The financing for the company shouldn’t really have to be adjusted too much. The company is already very financially stable, and all that really needs to be figured out is how much money should be spent in making this new waterpark, how much money should be spent on advertising, and how much money should be put into carrying out operations. They could just recycle previously used models since it seems to have worked well for them in the past.

The only technology improvements that would really be different from the original theme park would be implementing water slides and understanding how they function and how to upkeep them. As far as the rest of the technology park-wide goes, it’s essentially the same.

All the new implementations could be approached by outside employees and workers who are skilled in their field and want to join the team to help with the expansion, or the task could be approached by our current workers who are already in the field and want to try something slightly new. A monetary incentive could be given to those workers who are already working at the first park and want to switch over, which could make the transition much smoother since they already have experience and just must apply what they already know in a slightly different environment.

**Appendix**

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**Resources**

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**Pre-Report Analysis**

The amusement park industry is a very difficult industry to get into. The amusement park industry requires a ton of money to even consider getting involved, as rollercoasters and waterslides themselves cost hundreds of thousands, if not millions of dollars. A ton of capital is needed to start this type of business, and that’s why there are so few players in the market. There are actually so few players that the top two players (Disney and Universal) control about 64% of the entire market (Le, 2023). These companies control so much of the market because they already had a vast amount of capital to begin with, and then they used that capital to make their parks. Surprisingly, most of the money that an amusement park makes is off their physical ticket sales and not from the food and merchandise they sell inside, contrary to popular belief. However, it is important to invest in quality food and quality merchandise, because while ticket sales make up about 60% of profits, merchandise and food make up about 20% of their profits (Le, 2023).

Luckily, amusement parks, and all outside activities, seem to be on the incline as of recently. There was a period of time during the COVID outbreak where attendance plummeted because everybody was trying to stay inside and stay safe. Recently, the outbreak has become much more stable and not only are the people who were originally going trying to go back now, but also new customers who may have not been interested previously are trying to go and experience something new because they have been inside for so long. Investing in my current amusement park business at this very time is almost perfect timing.

One of the most important things you can do to continue your amusement park business and make it more profitable is to continuously upgrade and expand. While amusement parks are very enjoyable and you could do endless activities within them all day, they do have somewhat of a lifespan on them. If an amusement park would remain exactly the same forever, people would still go, but a lot of people would stop going if they had already been to the same exact park multiple times and got bored of it.

The three different expansion options presented for this essay are 1.) expanding revenue by developing on-site lodging; or development of a second amusement park as a complement for the current amusement park. 2.) Developing a water park which will appeal to customers in the summer months, which is also tied into the original amusement park itself. 3.) investing capital in the existing park to increase customer demand. All these options are positive growth options, as they all provide some sort of expansion that creates more options for customers. All these options provide park-goers with things they might require, either lodging or more experiences. All these options would also improve sales. Lodging would bring in more customers because the incentive is that they have somewhere to stay. It would also increase profits because they are making money from the park as well as the possible hotel. A second park, water park, or an improved already existing park would all improve profits and sales because they offer new activities for the consumers. The strategy used to advertise to the customers would be your classic run-of-the-mill “fun for the whole family approach”, as that seems to be tried and true. Since there is already an existing park, most of the advertising resources could just be transferred to the new possible additions, the additions themselves being the main draw point. In fact, a lot of the resources already used for most things involving the previous park could just be recycled and altered slightly to support the new changes. Suppliers that were supplying things to the current park (food, water, cleaning services, rides, mechanics, etc.) could also be used for the new additions. Some new training might have to be used in some cases, such as in the situation of a water park, where safety precautions are different than rollercoasters, but for the most part a lot of the amenities as well as advertising methods are very similar to what has already been done.

**Feedback Reflection**

For advice on how I should improve this essay I went to my Dad, who is a management-level engineer. My Dad has been working in the electrical engineering field for 30 years and I felt like he would have some good pointers on how to further expand upon the information in this essay. One of the first things he told me to do was to include more statistics within the essay, as there weren’t any mentions of any on my first draft. While there still aren’t too many statistics listed in the essay, I did include a couple of them where necessary. Most of the essay is in general terms, because a vast majority of the concepts are just using the only model for the amusement park and re-vamping it to work in a different situation. He was right about adding at least some though, because it gives the essay a little bit more legitimacy.

My Dad also gave me the idea to incorporate some employees from the old park and incorporate them into the new park. In the original version, I said for the new venture that we would hire all new employees, but my Dad made a good point and said that if it was entirely new employees, there would be nobody with previous experience, and it would take much longer for everybody to get the hang of what they are doing. Even if it is something as simple as a janitor, if he doesn’t have any experience at the previous park, it will take him longer to understand what he needs to be doing if he has no prior experience.

Another great point that my Dad made was that ticket packages were a great way to get people to go to both parks. While this does seem like an obvious point, I completely glazed over it in my initial draft of the essay. It’s a great point, and I think that we’ve all been “*gotten*” by this type of deal in the past. He made a good point that the main goal of an amusement park business is to just get people into the park. Once people are within the park, they will most likely have a more aloof attitude towards how much money they’re spending within the park, as they have already spent a decent amount of money on the tickets themselves.