

Waterparks a Splash for Wisconsin Dells

Monday, April 26, 2004

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For the Rochester Post-Bulletin

Anyone who's visited the Wisconsin Dells in wintertime over the past decade has noticed a change.

Traffic in the tourist destination in the 1990s was minimal. Then, as hotels added indoor waterparks and the news spread, traffic picked up. Now the town has a new tourist season to match its frenzied summer months.

The Dells has become a wintertime destination for families seeking a warm respite from the cold, where they can have fun and splash. And the spring break season produces a steady flow of families and young people trekking there from Wisconsin, Minnesota, Iowa and Illinois.

Indoor waterparks changed everything. The unique experience of the Dells piqued the interest of **Jeff Coy**, a Rochester-based hospitality consultant who's become an authority on indoor waterparks. And the Dells continues to provide insight into the industry and what changes might lie ahead, Coy says.



"In the Dells, it's becoming the haves and the have nots," Coy said. "And among the haves, you see an arms race, so to speak, as they try to match each other and be bigger and better. For the have nots -- the hotels without a waterpark -- you're probably facing the end."

For instance, **Coy and his business partner Bill Haralson** report that 18 hotels at the Dells with waterparks account for 85 percent of the market room revenue, while 44 properties without waterpark features accounted for only 15 percent. They noted that the Polynesian Resort added indoor water features to boost its hotel room occupancy. Others followed suit. Today, the top two hotel indoor waterparks are in the Dells -- Wilderness Hotel & Golf Resort (161,000 square feet) and Kalahari Resort (125,000 square feet). Seven of the 20 largest hotel waterpark resorts in the United States are in the Dells.

But Coy and Haralson caution developers that the Dells isn't necessarily the best market to try to replicate because each city or region has its own peculiarities, traffic flows, income levels and mix of business, leisure and family travelers.

The Sept. 11, 2001, terrorist attacks in the United States altered the country's travel behavior. People stayed closer to home and chose automobile travel to places within several hundred miles. Hotels and resorts filled a void for people, Coy said.

"Americans didn't want to give up their leisure time or vacations, but they also didn't want the hassles of air travel," he said. "They looked to destinations where they could be together as families or have reunion-type visits. Business cut back travel after 9-11, so it was the consumers, the families who really kept the hotel industry going."

The changes in travel suited the indoor waterparks well. Families were looking for safe destinations where they could enjoy something together. And while that serves waterparks well, the hotels also need to remember the business travelers, who help fill the rooms during the weekdays and other non-peak periods in a season, Coy says.

"There is a lot to consider when you think you want to open an indoor waterpark," Coy said. "They can enhance a hotel, but if you don't do the research, it might not work so well."

Coy said the growth in indoor waterparks has created a need to categorize by size and destination. Some hotels might just add a slide or two to an existing pool. In some cases, it might boost occupancy because it can beat the features of a hotel down the street that doesn't have a pool or the additional features.

Coy predicts, however, that as far as large markets go, most large metropolitan areas will soon each have at least one major indoor waterpark. He said the economics are always a factor as developers look to place the right park in the right place. A rule of thumb for cost is \$250 to \$350 per square foot of waterpark. For large parks that are 30,000 to 40,000 square feet, the cost is \$10 million to \$14 million. He said there's about a five-year payback for most projects.

In Minnesota, plans are being bandied about for two large waterparks in the Twin Cities by competing developers. The plans targeted the area around the Mall of America. Coy notes that it would be difficult to make two work near the Mall of America, but one giant park might work. He points to the West Edmonton Mall and its Fantasyland Hotel that features a 217,800-square-foot indoor waterpark.

Closer to Rochester, developers are looking at a significant project in the region that would include an indoor waterpark, Coy said. He declined to specify where it's being targeted.

"Attractions have to have something new almost every year," Coy said, likening it to an amusement park that annually touts its new rides. "You have to have something new just about every year, and you have to keep it up, otherwise you're going to have a major refurbishment in about seven years."

With that in mind, indoor waterparks will emerge as a strong trend rather than a fad, Coy said. Just as hotels in northern climates looked to the parks to fill their rooms during the off-peak season, waterparks in the south will do something similar as they determine how to fit everything under a roof. Climate is a factor there, but it's the heat and concern about exposure to the sun that will drive people indoors to enjoy the water amusements, Coy said.

"We're learning more and more about indoor waterparks as we study them," Coy said. "What we do know is that they provide a great place for families to have fun together. People have always been looking for that."