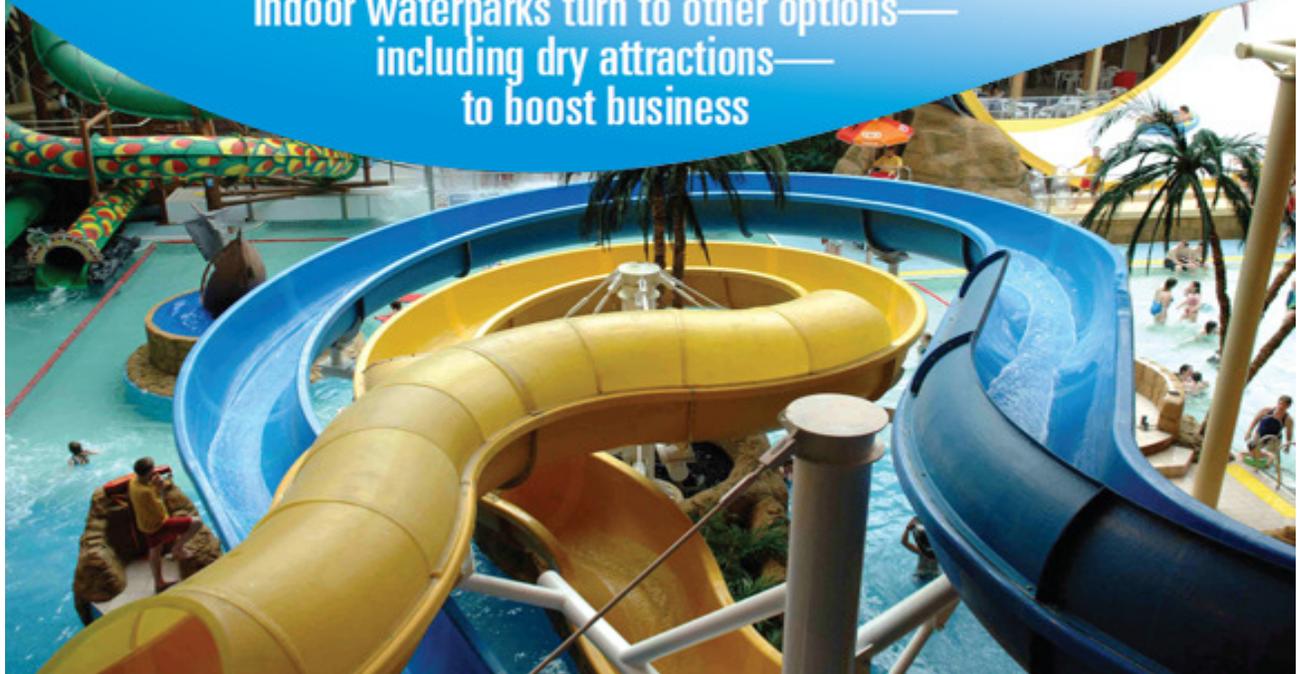




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Don't Just Add Water

Indoor waterparks turn to other options—
including dry attractions—
to boost business



by Keith Miller

The past decade saw rapid growth in the indoor waterpark industry, especially in North America where the number of these facilities grew from 24 properties in 2000 to 141 in 2010, according to Hotel & Leisure Advisors. But the struggling economy and limited availability of financing has sharply reduced that growth.

The past two years saw five new indoor waterparks built in North America, compared with 33 in 2007-2008. The global economic downturn has also made it quite difficult for existing parks to expand or to add major new water attractions. So parks are trying other strategies to keep guests coming in. While a few existing indoor waterparks are rolling out new water attractions this year, many others are opting for dry attractions, like ropes courses, climbing walls, and miniature golf; or for special non-waterpark experiences, like children's spas.

Jeff Coy, president of JLC Hospitality Consulting, which conducts market research for the waterpark industry and other tourism segments, explains why: "It's something they have to do in the current economic climate. Financing is tough to get right now, and a dry feature can be *much* less expensive than a water feature. Also, they're branching out and want to provide a variety of activities."

Relying More on Nonwater Attractions

KeyLime Cove in Gurnee, Illinois (www.keylimecove.com), recently added its Enchanted Lagoon Kids Spa. The theme is based on a fictional character the park created, Melodie the Mermaid, a mystical creature blessed with knowledge of potions and glamour secrets. Kids can get manicures and pedicures, facials, and makeup sessions.

Jennifer Evans, the park's marketing manager, says the spa is a big hit. "The little girls are reacting so well to the Enchanted Lagoon," she says. "They are just enthralled with getting services specially designed for them." In fact, Evans says the spa has been so successful that the waterpark will probably roll out a mermaid swim this fall.

World Waterpark (www.wem.ca) is a monstrous 5-acre indoor park in the West Edmonton Mall (WEM) in Alberta, Canada. The park unveiled three new slides this summer that it defines as "extreme"—one 81 feet high and two 77 feet high. But even so, the mall just installed a big ropes course at the entrance to the waterpark.

"It's a three-level ropes course that opened May 25, and it really draws attention," says Jim Winters, director of operations for WEM's parks and attractions. Of course, the waterpark also benefits from having the mall's Galaxyland dry-ride park nearby, as well as two miniature golf courses and an ice-skating rink.



Like World Waterpark, Nick Laskaris, owner of Mt. Olympus Water and Theme Park in Wisconsin Dells, Wisconsin (www.mtolympuspark.com), also has an indoor waterpark, Medusa, which benefits from nearby dry rides. Wisconsin Dells is considered the birthplace of indoor waterparks and has some 20 resorts, and Laskaris sounds a word of caution for those adding dry attractions: "In the Dells, we've nicely spoiled our customers with amenities being free, so when you put these other attractions in, you can't do it as [fee-added]," he says. "It should all be [priced] together or you don't do it."

One indoor waterpark resort company has become a specialist at providing guests with non-water attractions and activities during the economic downturn. Great Wolf Resorts (www.greatwolf.com) is the largest indoor waterpark chain in North America, with 11 locations and more planned. The resorts offer an adult spa called Elements, and they've popularized indoor waterpark spas designed for children with the Scoops Kids Spa. They also offer fitness centers, mini-golf, game arcades, and teen tech centers.

One of the company's biggest nonwater attraction coups occurred in 2006 when it landed an exclusive agreement to offer "MagiQuest," a live-action role-playing game in which kids use wands to interact with objects placed throughout the resorts. Steve Shattuck, director of communications for Great Wolf Resorts, says "MagiQuest" is an example of the kind of non-water activity the company seeks out for guests. "It's always good that the activities are interactive," he says, "and we like them to be exercise designed as fun, family friendly, and something guests can't easily find [elsewhere]. One thing we've really found during the recession is that our competition is not only other waterpark facilities, but any other places where families spend their time, and we're the only company in the lodging industry that will have 'MagiQuest.'"

This year, during the month of December, life-size gingerbread houses will be built during the month of December in the lobby of every Great Wolf Resort. There will be a six-top table inside each house, and for a fee, families will actually be able to dine inside the gingerbread house. The money raised will go to the company's charity partners, Big Brothers and Big Sisters of America. Says Shattuck, "It's just all about looking for unique opportunities like that."



Determining When to Add

When deciding whether or not to add dry attractions or expand with more water features, one important challenge is determining the right time. This also applies to replacing current attractions.

Sandcastle Waterpark in Blackpool, England (www.sandcastle-waterpark.co.uk), is the largest indoor waterpark in the United Kingdom, and John Child, its managing director, says such decisions should be driven primarily by guest feedback, but also by attendance analysis. "We monitor our success through market research and guest satisfaction surveys, and most importantly, we listen to their views," he explains. "Your guests are the most important source of information to understand how your products and services are being received, and so far this formula has enabled us to keep in front of our competitors. We also evaluate guest numbers and understand that investment in new attractions is imperative to gaining guest loyalty, increased satisfaction levels, and repeat visits."

Great Wolf Resorts' guests receive satisfaction surveys by e-mail 48 hours after departure that cover every aspect of their stay, and Shattuck confirms these surveys, along with comments on Facebook and the company's own research, direct attraction changes.

At KeyLime Cove, Evans notes, "If something's worn out its welcome, we will replace it. In fact, the retail area that sold flip-flops and beach towels is where we built our new kids spa."

Special Events, Promotions, and Features

Some indoor waterparks are pushing special events or unique promotions to attract guests. "Being able to manipulate special offers, promotions, activities, and community and charity events enables us to shift our focus, dependent on the time of year and how we can promote to groups that may be available to use the waterpark," says Child. "There will always be off-peak periods, and introducing late-night Friday sessions, older-market group deals, special charity and community events for underprivileged groups, and special discounts for local residents all are helping in boosting visitors at these times."

Winters says during World Waterpark's offseason—September to May—the park rents out to charity and fundraising groups 60 to 100 times. In March 2010, Great Wolf Lodge rolled out its inaugural "World's Largest Waterslideathon" and set a Guinness World Record. This year, the event raised \$250,000 for Big Brothers and Big Sisters.

Great Wolf also introduced a new feature at its lodge in Grand Mound, Washington, it hopes will capitalize on the rapidly growing popularity of social media. It allows guests to link their RFID wristbands to their Facebook pages, then go to the five most popular photo-friendly spots in the resort. There, they scan their wristbands and a photo is taken that's posted to their Facebook pages.

"With the explosion of social media, people have platforms of hundreds of thousands of followers, and they're likely to listen to their friends," says Shattuck. "And regardless of the economy, it's still all about taking care of your loyal guests."

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SHOULD INDOOR WATERPARKS OPEN TO NONHOTEL GUESTS? AND SHOULD THEY HAVE A HOTEL AT ALL?

The difficult economic times raise questions about whether indoor waterparks need to be attached to a hotel, and whether they should open themselves up to nonhotel guests.

Most indoor waterparks are part of a hotel property, and Jeff Coy, president of JLC Hospitality Consulting, says he believes it's crucial to their profitability. "Having lodging attached is part of the success formula," he says. "The indoor waterpark is so expensive to build that they have to be part of a hotel, and it works so well because the profit margin is on the hotel side. Breakeven is typical for the standalones."

Nick Laskaris, owner of Medusa Indoor Waterpark at Mt. Olympus Theme Park in Wisconsin Dells, Wisconsin, agrees and adds that the accommodations need to be owned by the waterpark and not by nearby hotels with which the park has package agreements. "You need your own property because you need 100 percent of your own revenue," he says. "The problem with packaging is that those other [facilities] have to survive separately and you have to survive."

But there are exceptions outside the United States. Sandcastle Waterpark in Blackpool, England, has operated successfully for years with no hotel, and Managing Director John Child says, "In the UK, there is only one waterpark hotel available—it's a concept which hasn't really been adopted here." Child adds that Sandcastle's setup allows it to admit any patrons to the waterpark, not just hotel guests. "Sandcastle doesn't have any real restrictions on admission, and therefore this gives us the ability to truly offer everyone in the family a fun day out, even if they're not swimming."

The West Edmonton Mall in Alberta, Canada, has a hotel, but it's not attached to the mall's World Waterpark, and Jim Winters, the mall's director of operations for parks and attractions, says, "We're targeting the whole market, not just hotel guests, and a pretty high percentage of our guests are not from the hotel."

Laskaris also disagrees with the policy of many indoor waterparks to restrict admission to hotel guests. "There's no way I could make money from just the overnight guests—I'd go broke!" he contends. "The hotel guests say they want waterpark exclusivity, but here's the thing: People love people. They may complain about it, but secretly, they love to go to places that are alive and popular—they don't want to go somewhere that's dead."