

AMUSEMENT PARKS & COVID

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ABSTRACT

The purpose of this paper is to study the impact of pandemic on Amusement park and theme park. How this niche segment contributes to the travel and tourism industry. The international and nation impact of the pandemic on the amusement park industry. How to overcome it and what will be future strategies. In this study we will discuss in details on how the pandemic have affected the amusement park and theme park business and how the government can extend help for the survival of this industry.

The business of happiness needs attraction

Last two years we are all affected by covid pandemic. Every business in some or the other way is affected by pandemic. Amusement Park and theme park business is no exception to it. Introduction: Amusement parks refer to open-air recreational and entertainment zones that are based on fictional characters and themes. They are commercially operated in extensions to fairs and picnic gardens and cater to individuals of all age groups. These places have different options of entertainment like rides, attractions & shows with retail and dining options. It includes theme parks, water parks, museums, visitor's attractions, eco parks, etc.

It's a fact that people around the world want to be entertained and have fun with their friends and family. Wanting to relax after a long work week or during a vacation or a weekend is just natural. The amusement and theme park industry understands this desire and works towards providing entertainment in a fun filled and edutainment way. In the past two decades, the "concept of amusement parks" has seen drastic growth. The increase in per capita income has largely proven to benefit to the amusement park industry. That means increase in employment opportunities, a rise in tourism and the creation of a broad customer base for other businesses. This industry is also contributing to the GDP and infrastructural development of the country.

North America was the largest region in the global amusement parks market, accounting for 33% of

the market in 2020. Asia Pacific was the second largest region accounting for 30% of the global market. Africa was the smallest region in the global amusement parks market. The global amusement parks market grew at a CAGR of around 7% during 2014-2019 (<http://www.in.kpmg.com/ficci-frames-16/themeparks.html>).

As the world is facing a health, social and economic emergency with the COVID-19 pandemic, travel and tourism is among the most affected sectors with airplanes hotels.

Amusement and theme parks are no exception.

The outbreak of Coronavirus disease (COVID-19) has acted as a massive restraint on the amusement parks market in 2020 as governments globally imposed lockdowns and restricted domestic and international travel, there has been quite an adverse impact. Attendance and revenue dropped; there was a 50 to 90% decline, in the short term with employee's layoffs (<https://www.cnbc.com/2020/09/29/disney-to-layoff-28000-employees-as-coronavirus-slams-theme-park-business.html>).

Disney's US theme parks face a potential \$3.4 billion revenue loss. This is due to the on-going coronavirus closures combined with the economic recession projected to follow, according to a MoffettNathanson research paper (<https://www.ocreger.com/2020/08/18/u-s-theme-parks-lose-18-billion-cut-125000-jobs-amid-pandemic-industry-association-says/>).

Cedar Fair amusement parks could cost more than \$100 million in lost revenue as attendance takes a 2 million-plus visitor hit. This is based on data from the company's annual report and Themed Entertainment Association. SeaWorld Parks & Entertainment could see \$233 million in lost revenue in 2020 as its attendance takes a 3 million visitor hit due to the COVID-19 outbreak, according to a JPMorgan analyst report. The Wells Fargo report forecasts a 50% reduction in attendance at Disney theme parks in the fiscal year 2021 (<https://bloomberg.com/theme-park/in-depth/theme-park-financial-impact-covid-19/>).

Indian Amusement Parks

Indian Amusement and theme park industry which is still at an infant stage is facing a heavy crisis due to covid pandemic.

The industry which was expected to grow up to Rs 7,500-crore, but due to the Coronavirus has put a question on its viability and survival of the industry. Indian amusement parks with a business of over Rs 2,700 crore per annum industry are facing prospects of a downslide with estimated losses of Rs1,100 crore due to covid.

This industry is a capital and labour intensive industry; it had made huge investments with big infrastructure and provides large employment to over 80,000 people directly, hires more than 5,000 people seasonally, indirectly supports various other industries, besides lakhs of other including local communities. But now having a burden of fixed cost, operational cost – as it has to bear even if the parks are non-operational, wages, interest, taxes, Debt burden, even if the parks are closed they have to bear the repairs & maintenance expense cost of the rides & property etc.

After a long lockdown the government of India on unlock guidelines were issued by the Centre on September 30 [applicable from October 1, 2020], allowed amusement park companies to reopen their gates with 50 percent capacity. But in March, 2021 due to second wave the parks were again shutdown as per the states guidelines. The peak seasons of the amusement parks are affected due to covid .

Wonderla Holidays Limited (Wonderla), the listed company that is the largest amusement park chain in the country, opened its parks in Bengaluru, Kochi and Hyderabad For Q3FY21, Wonderla reported revenues of Rs4.92 crore as compared to Rs70 crore during the same period last year. It posted a loss of Rs14.75 crore during Q3FY21 as against a profit of Rs21 crore during the same period in the corresponding year.

Another theme park company in India, Imagicaaworld Entertainment Ltd (Imagicaa) – the listed firm that runs the amusement park Imagicaa and water park on the outskirts of Mumbai in Khopoli – opened its operations during Christmas 2020, after a closure of almost nine months. The park is open on weekends and public holidays. During the quarter ended December 31, Imagicaa reported revenues of Rs5.12 crore, compared to Rs54.90 crore during the corresponding period last year. The revenues were reported primarily from its hotel operations inside the theme park property. It reported a loss of Rs66 crore during Q3FY21, compared to Rs53.95 crore during the same period last year.

The Indian amusement park association-Indian Association of Amusement Parks & Industries- IAAPI is requesting government for help through tax holidays, interest reduction, extending all existing licences, Deferment of fiscal statutory compliance deadlines, Waiver of customs duties on import of spare parts, extension of moratorium period, financial support, Concessional Pricing for Water and Electricity etc for the survival of this industry.

Bounce Back:

With a positive note- Nothing is permanent, so as this pandemic.

We saw the bounce back after the 1918 pandemic and we will bounce back this time also.

The market is expected to reach \$89.17 billion in 2025 at a CAGR of 9%.

Way ahead strategies:

Amusement and theme park industry will certainly see a positive trend once the pandemic situation comes under control. Few changes this industry will see after overcoming pandemic are:

Increasing trend in using virtual and augmented reality technology to enhance customer experience, onlineregistration, Extensive usage of social media for marketing & promotion, concentration on local markets and understanding their needs , Working on the park operating hour's strategies, concentration on attracting the repeat guests: increase repeat visitation , rewarding guests to come back again and again, Introducing dynamic pricing, Reducing the entry tickets prices and introducing Pay-as-you-go concepts, Increasing the other services pricing like: parking and clock rooms services, Introduction of dynamic pricing strategies, Incentives for advance booking, Penetrating to new market, Localizing the contents: localise, customise. But keeping core brand values same.", Communication will play a vital role, now safety with safe entertainment should be communicated to the guests: Communicating in the right way to guest, Retailtainment : Merchandising and F& B can be given more concentration, Introducing and usage of technology, internet across the park for safe and better guest experience, Boosting for new concepts and new experiences across the park, Working together and sharing ideas: It the need of the hour that the industry experts to come together and work for taking the industry forward and helping to overcome the crisis. Entertainment companies can come up with new concepts and new ideas to improve the experience, Clear communication (marketing, promotion) to the target group, Edutainment content can be developed to attract the students, new concepts like: Artainment the fusion of arts and entertainment can be developed. RDE- Retail dining Entertainment model can be conceptualized, Theme parks or amusement parks can think of multiple gate entry prices, Effective cost control measures can be introduced to control the operational cost; new projects could rethink about smaller attractions but better experience with less capex investments.

The amusement industry which is an integral part of the Indian tourism industry but is still in its nascent stage and highly effected by the pandemic, it needs the support of the Government to overcome this

crisis. Pandemic have effected every industry directly or indirectly but it's time to get united and help each other to overcome it and work in a creative & innovative way for future success.

Practical implications: This study focuses on the issues faced by the Amusement and theme park industry due to covid pandemic. How the business of giving smile is suffering due to lack of revenues, how employees got affected and what are its impact on economy and tourism industry. This study also indicates the changing trends in the business due to pandemic.

Limitations and future research opportunities this study is subject to several limitations, which could be addressed in future studies. First, like any cross-sectional study, this study was unable to definitively demonstrate causal inferences; therefore, longitudinal assessment is needed to examine. Lack of availability of reliable numeric data, Lack of prior research studies on the topic and information collected are mostly from the secondary sources.

Future research may consider more research in the practical research on project finance, finance management, market search, guest preference in theme park and amusement parks, destination management, I would also like to study the spending trends and expectation of guests in relationship between the study attributes such as family life stage, family structure (joint vs nuclear), age, gender, cultural values, income group. Future research may also involve comparative studies between parks from different countries with different economic structures with Indian market and its scope.

Conclusion: The loss suffered by Amusement and theme park Industry is very difficult to re-cover at present government must help this industry economically, morally and financially to boost up again. There are many small parks which were unable to survive and closed their operations. On a positive note, yes, it's never an end... But is a new Beginning with new and better operational and financial efficiency strategies where amusement park and theme park business will boost again once the situation comes under control.

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