

Market Research Report: Themed Entertainment in the United States

Morgridge College of Education, University of Denver

LIS 4011 Information Access and Retrieval

Lauren Lundy

May 31, 2023

Introduction

The Themed Entertainment Industry is a massive and multi-dimensional space covering everything from a road-side attraction or the local mini-golf spot all the way to the largest and most polished amusement parks in the world. For the purposes of this market research report, the researcher has decided to focus on Amusement and Theme Parks (NAICS Code 713110) This is defined as “establishments...primarily engaged in operating a variety of attractions, such as mechanical rides, water rides, games, shows, theme exhibits, refreshment stands, and picnic grounds.” (IBIS World, 2023) Some of the famous Amusement Parks in the United States are run by companies like the Walt Disney Company, Universal Studios and Six Flags, but also includes individual parks like Knott’s Berry Farm in Buena Park, CA and Coney Island in Brooklyn, NY.

The following report discusses the history and future of the amusement industry. There are a collection of external reports and data reported to attempt the most accurate market outlook for the future of the industry.

Background

The background information for the theme park industry is compiled from data provided by IBIS World and Mintel. Looking at NAICS 713110, we can see growth in this sector with a 7.7% net gain for the industry in 2023 thus far. (IBISWorld, 2023) According to Mintel, while projections are still expected to rise at a steady rate in the coming years, the percentage of growth has slowed due to post-pandemic fallout and economic uncertainty. (Mintel, 2022) The Coronavirus of 2020 had a profound impact on the industry, causing an almost 60% deflation in profits, which will have impact on the industry for years to come.

Economic Outlook

As mentioned above, the theme park industry is in a place of growth. While the pandemic was a large blow, the industry is well above pre-pandemic levels, and the largest sectors of the industry are announcing growth projects, which also lends itself to a view of the industry as a growing one. (Examples of this would be the expansion project announced for Disneyland in Anaheim, CA, [Disneyland Forward] and the Texas theme park announced by Universal Studios) (Frisco, Texas, 2023) The revenue for 2022 was reported to be 22.9 billion dollars with the outlook for this year being 29 billion (IBISWorld 2023). The revenue included in this figure is largely made up of admission charges, covering 66.1% of revenue, while Food & Beverage made 20.5% and Merchandise made 11.1% (IBISWorld, 2023). All indicators show that the theme park industry will continue to grow in the coming years.

Market Share

Data on the market share of the theme park industry is conflicted by multiple different sources. According to Mordor Intelligence, 20% of revenue was held collectively among the top five companies, leaving 80% of the industry to regional parks (Mordor Intelligence, 2023.) GlobeNewswire claimed that just the Walt Disney Corporation held a Market Share of 23.37%. According to this source, the other major players are the Comcast Corporation, with 11.83% and all other entities holding less than 5% (GlobeNewswire, 2023) And according to a third source, IBISWorld, 49.1% of Market Share was held by the Walt Disney Company, with 23% given to NBCUniversal Media (Comcast) (IBISWorld, 2023.) Perhaps this discrepancy can be explained by one source looking at the US Market, and the other reporting global numbers, but the discrepancy is still notable.

Trends

Trends in the amusement park industry are generally positive. Because of the competitive nature of the industry, technologies are constantly being updated and reformatted to deliver a superior product to consumers. Some of the technologies being implemented that are likely to continue are IoT technologies. IoT stands for Internet of Things and refers to objects with sensors that can interact with one another. A Theme Park example of this technology can be the MagicBand+ technology at Walt Disney World. (Forbes, 2020) Some of the other trends include the inclusion of advanced bots and animatronics in increased visibility in parks, the adoption of green technology, the inclusion of virtual and augmented reality offerings, and personal devices as a service intended to limit queues. Additionally, the economic situation post-pandemic is transforming consumer needs in this industry. 76% of polled consumers of themed entertainment reported too high a cost of attendance for the value of the experience (Intel, 2022.) While a stark uptick post-pandemic for vacation and entertainment experiences, that wave has mostly fallen off, and the demand that remains will likely continue to be swayed by economic factors like gas and housing prices, along with general inflation. “Consumers are no less driven emotionally to travel, but the economic conditions mean that they will be travelling closer to home, particularly for those driving.” (Intel, 2022) This could benefit themed entertainment companies with smaller, regional offerings that fill the need without the price tag of the big five players.

Current/Future Forecast

Indicators show that there will likely be steady and continual growth in the themed entertainment industry, and amusement parks specifically. Competition will continue to drive new and emerging technologies to incorporate into new attractions. Many of the major

companies have made announcements spanning the next 30 years of innovation. The industry is projected to be worth almost four times its current value by 2030, so there is expansive growth in space and finance expected in the next 10 years, and the major loss felt through the pandemic has been steadily recovered from.

Methods

To find data for this report, I started by determining the NAICS codes through IBISWorld, and looking for that codes along with keyword searches in a variety of different databases. Many of the articles were held behind a steep paywall, so I relied on academic exceptions, the series of databases subscribed to by my two University affiliates, University of Notre Dame and University of Denver, and the free partial info provided. Finally, I used LibGuides on Market Reports to point me in the direction of accessible resources. Below is a table outlining some of the search terms used to come across the data found in the report.

Database/Search Tool	Search Term
IBISWorld	NAICS 713110
Business Search Complete	NAICS 713110
Mintel	NAICS 713110
Google	Disney Parks AND Market Share
Compass	Theme Parks AND Market Report

There were other interim searches to find known entities, like sources for upcoming projects of major players like Comcast and Disney that I did not include in the above chart. The paywall issue was unexpected and challenging to overcome, and many of the resources used

were partial in some way due to the lack of funds to acquire the report. There was also discrepancy in data between sources, and without the funds to determine sources, it was hard to parse out what was the most correct, and so in some cases both figures were provided.

Findings

The themed entertainment industry is poised for large amounts of growth in the post-pandemic environment. There are expansion projects announced for several major companies, and record-breaking profits were announced in the rush for entertainment among consumers post Coronavirus lockdowns. The industry is a highly competitive one and is rapidly developing new technologies and experiences in a bid to outperform competition and justify the ever-inflating cost of attendance. In the next 30 years we can expect to see increased business in this sector, with new and larger offerings from the major companies, and with growth for smaller regional offerings as well.

SWOT Analysis

Strengths:

High & Increasing Barriers to Entry

Low Imports

High Profit vs. Sector Average

Low Customer Class Concentration

High Revenue per Employee

Weaknesses:

Low & Steady Level of Assistance

High Competition

Very High Volatility

High Product/Service Concentration

High Capital Requirements

Opportunities:

High Revenue Growth (2018-2023)

High Revenue Growth (2023-2028)

High Performance Drivers

Domestic Trips by US residents

Threats:

Low Revenue Growth (2005-2023)

Low Outlier Growth

Time Spent on Leisure and Sports

Conclusion

Themed Attractions and Parks are at a great point of growth and will likely continue to be so in the future. While changing economics are reshaping what vacation means for the American family, the theme park seems to hold its place as an important part of the leisure economy. The industry is continuing to invest in new and emergent technologies as part of their bid for relevancy, which is partly responsible for their post-pandemic growth. Theme Park services might consider in the future creating options at a smaller, more regional price point and work to create technologies that allow a park to continue operations in some capacity when the next major disaster hits.

Reference

“DisneylandForward.” Accessed May 31, 2023. <https://www.disneylandforward.com>.

Frisco, TX. “Universal Parks & Resorts Plans to Bring New Concept for Families with Young Children to Frisco, TX.” Accessed May 31, 2023. <https://www.friscotexas.gov/CivicAlerts.aspx?AID=1844>.

Markets, Research and. “Amusement Parks Global Market Opportunities and Strategies to 2032: Increasing Investments in Themed Amusement Parks Drives Growth.” GlobeNewswire Newsroom, May 5, 2023. <https://www.globenewswire.com/en/news-release/2023/05/05/2662446/28124/en/Amusement-Parks-Global-Market-Opportunities-and-Strategies-to-2032-Increasing-Investments-in-Themed-Amusement-Parks-Drives-Growth.html>.

M2 Presswire. “Global Theme Park Market Report 2014-2019 - Trends & Opportunities Featuring Disney, Merlin Entertainment, Six Flag & Universal Studios.” June 4, 2014. <https://www.proquest.com/docview/1531977682/abstract/510E99D259C04079PQ/1>.

“Theme Park Vacations - US - 2022: Market Size and Forecast.” Accessed May 31, 2023. <https://reports-mintel-com.du.idm.oclc.org/display/1150763/?fromSearch=%3Ffreetext%3Dtheme%2520parks%26resultPosition%3D1>.

“71311 Amusement Parks in the US - MyIBISWorld.” Accessed May 31, 2023. <https://my-ibisworld-com.du.idm.oclc.org/us/en/industry/71311/industry-at-a-glance#swot-in-the-industry>.