

Theme Park Resorts: Business Planning for New and Expansion Projects - Hand-Out Version

Michael Kreft von Byern,
Representative of the Board,
Europa-Park, Germany

Marcel Hatt, Managing Partner,
Maxmakers Ltd, Switzerland

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imagine
THE POSSIBILITIES



Content

1. Introductions
2. Planning of New Projects
3. Europa-Park Resort Development
4. Conclusions

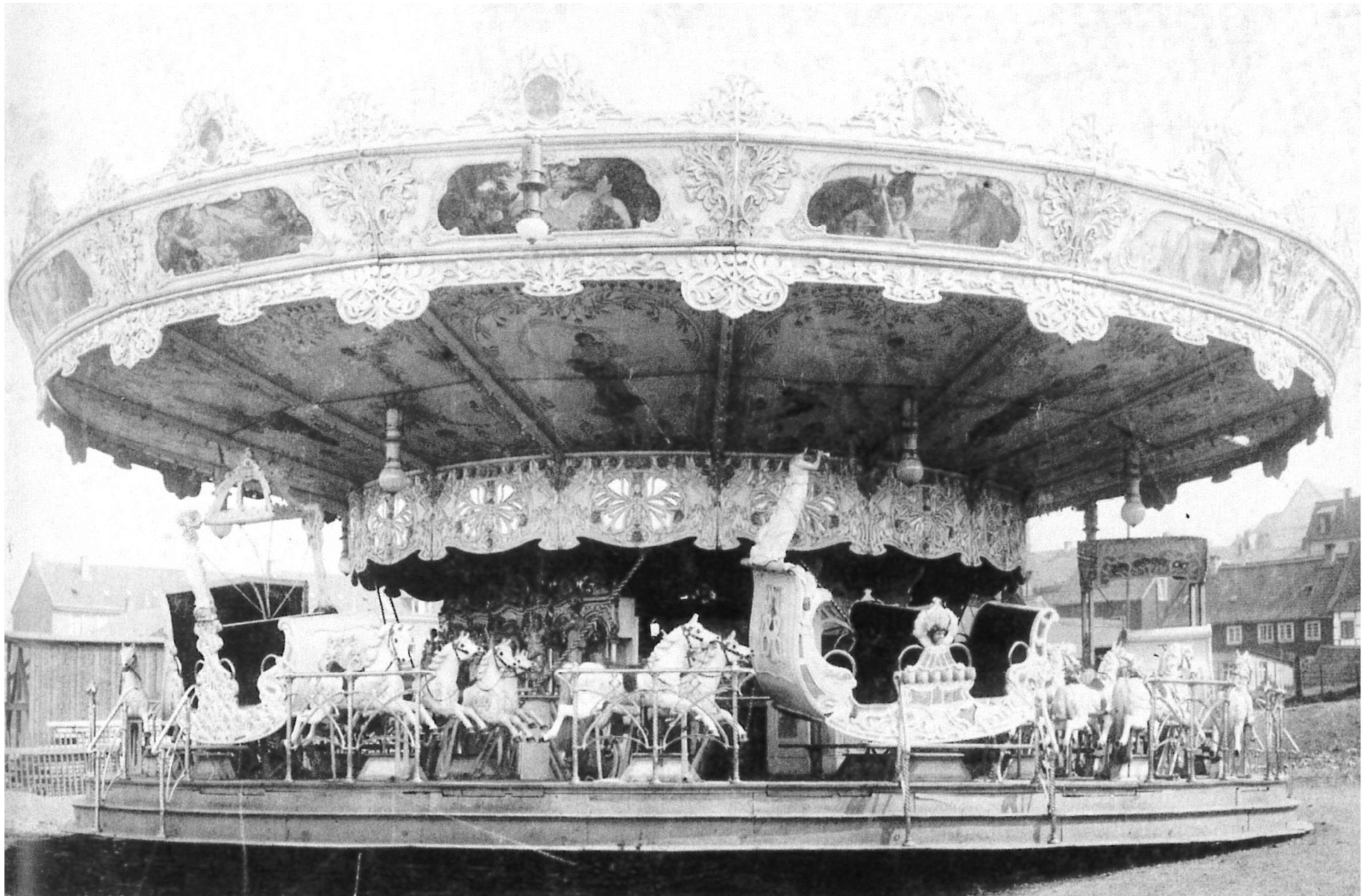


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The Mack factory founded in 1780
in the Black Forest, Germany



Carousel construction



The first portable wooden coaster 1921



235 years later Mack Rides today



Europa-Park: Opening Day 1975

How did Europa-Park develop?

1780 The early beginning

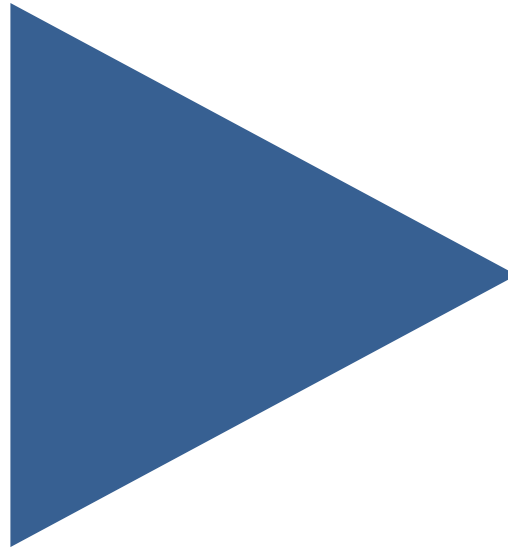
1973 The idea and start of construction

1975 Opening with Europe as a theme

1981 From amusement park to theme park

1995 From park to resort

2020 From resort to global destination?



Europa-Park 2013

MAXMAKERS™

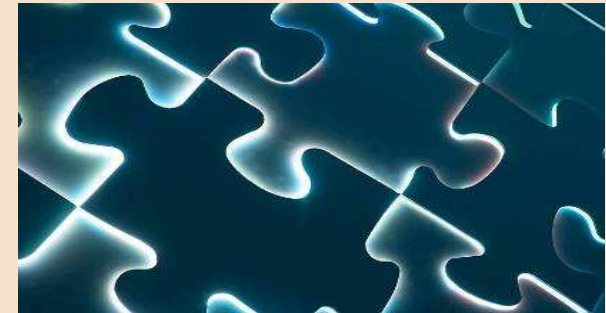
International Real Estate Consulting

Integrated Business
Planning
for Leisure
Destinations



Maxmakers at Glance: Business Planning for Destinations

- **Supporting clients in identifying the best project vision**, and then helping them in realizing it
- **Maximizing mixed-use developments**
- **Bringing together the worlds of ,real estate‘ and ,entertainment‘**
- **Combining international best practices and local expertise** (with local partners)
- **Business driven approach:** first define the "what" questions (strategy/concept) and then integrating the "how" questions (with design partners)
- **Services throughout the entire project life cycle**
- **Facilitation of project partners**




↑ Optimizing the concept ↓



Example Clients & Partners



A black and white photograph showing two hands, one on the left and one on the right, positioned to frame a view of a beach. The hands are cupped, with the fingers pointing towards the center. The background, visible through the frame, shows a sandy beach, gentle waves with white foam, and a clear sky. The lighting is soft, suggesting a calm time of day like dawn or dusk.

Maxmakers:
***We are helping our
clients to frame their
project - and then
supporting them
to fill that frame.***

Competence Areas: Destinations as Primary Focus

Destinations

- Entertainment destinations, e.g. Theme & Water Parks
- Shopping-tainment
- Edu-tainment
- Nature destinations
- Sports destinations
- Tourism destinations
- City destinations



Health Projects

- Wellness hospitality, clinic projects
- Sports/ health centers
- Modern retirement housing/ living developments



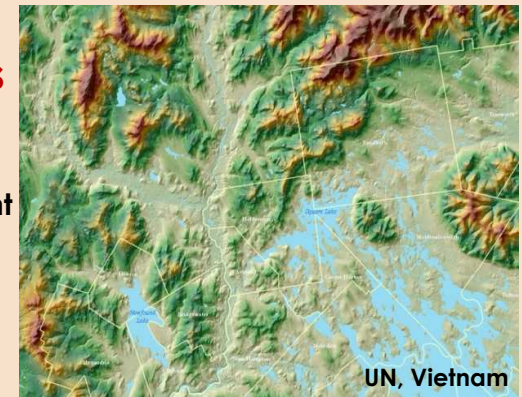
City & Cluster Developments

- Industry clusters, special economic zones
- Knowledge hubs, science cities, and campuses
- Commercial mixed-use developments
- New city centers, e.g. central stations
- District & industrial revitalizations



Regional & Real Estate Strategies

- Regional development
- Tourism development
- Project re-animation
- Property portfolio assessments



Leisure Destinations

- In many global markets the **desire for entertainment is increasing** -> applied in **many project variations**
- **Competition is intensifying** – also in the face of ever increasing guest expectations
- Based on **systematic development methods** we conceive with our clients a well-balanced, **synergistic usage mix** and a differentiated guest experience
- Adding life to the projects by **introducing partners**, experts, operators and co-investors
- **This results in improved repeat visitor rates, increased revenue, higher returns and lower risks**



Sports Destinations



Tourism Destinations



Entertainment



Edu-tainment



Shopping-tainment



City Destinations



Nature Destinations

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Leisure Destinations: Project Examples

"Swiss Village" Integrated Leisure Destination, China



"Sochi Park" Theme Park Resort, Russia



Theme Park Resort, Azerbaijan



Moscow Stadium Destination Strategy, Russia

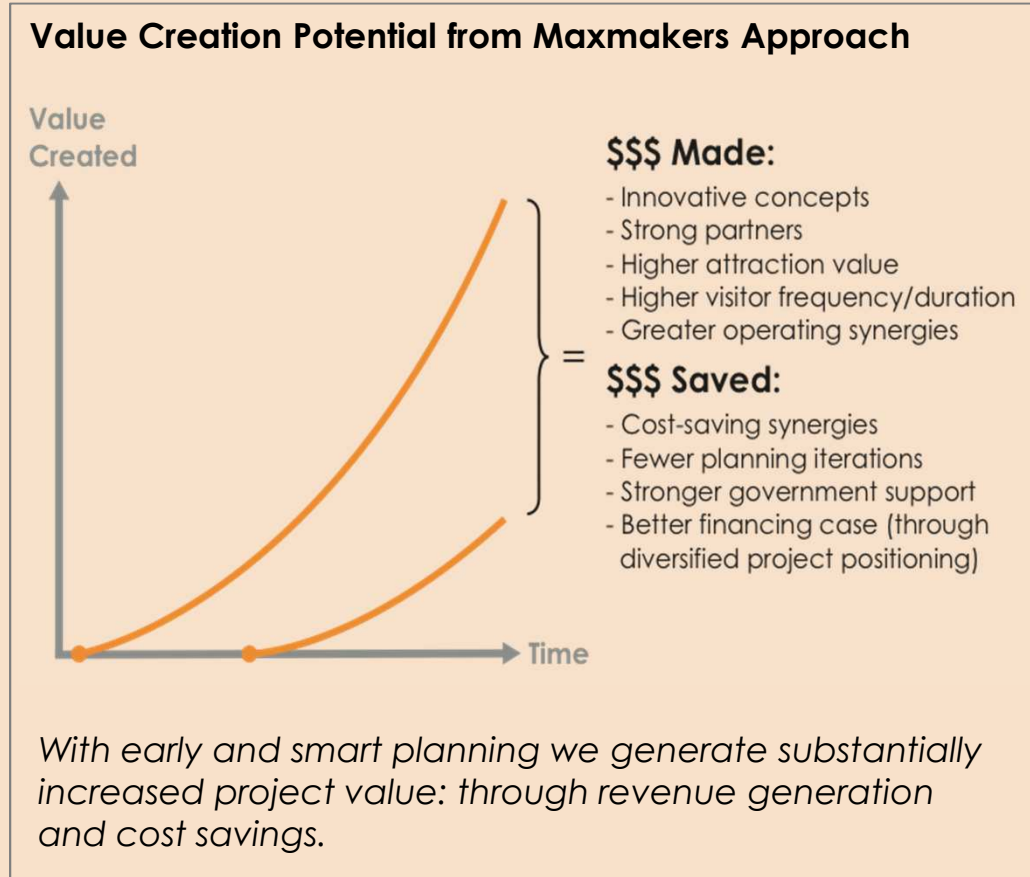


Prime Minister Vladimir Putin inspecting the project



Maximizing Project Value: Client Benefits

- Stronger competitive positioning
- Greater synergies and operating margins
- Risk diversification
- Improved chances of financing and realization
- Higher investor returns



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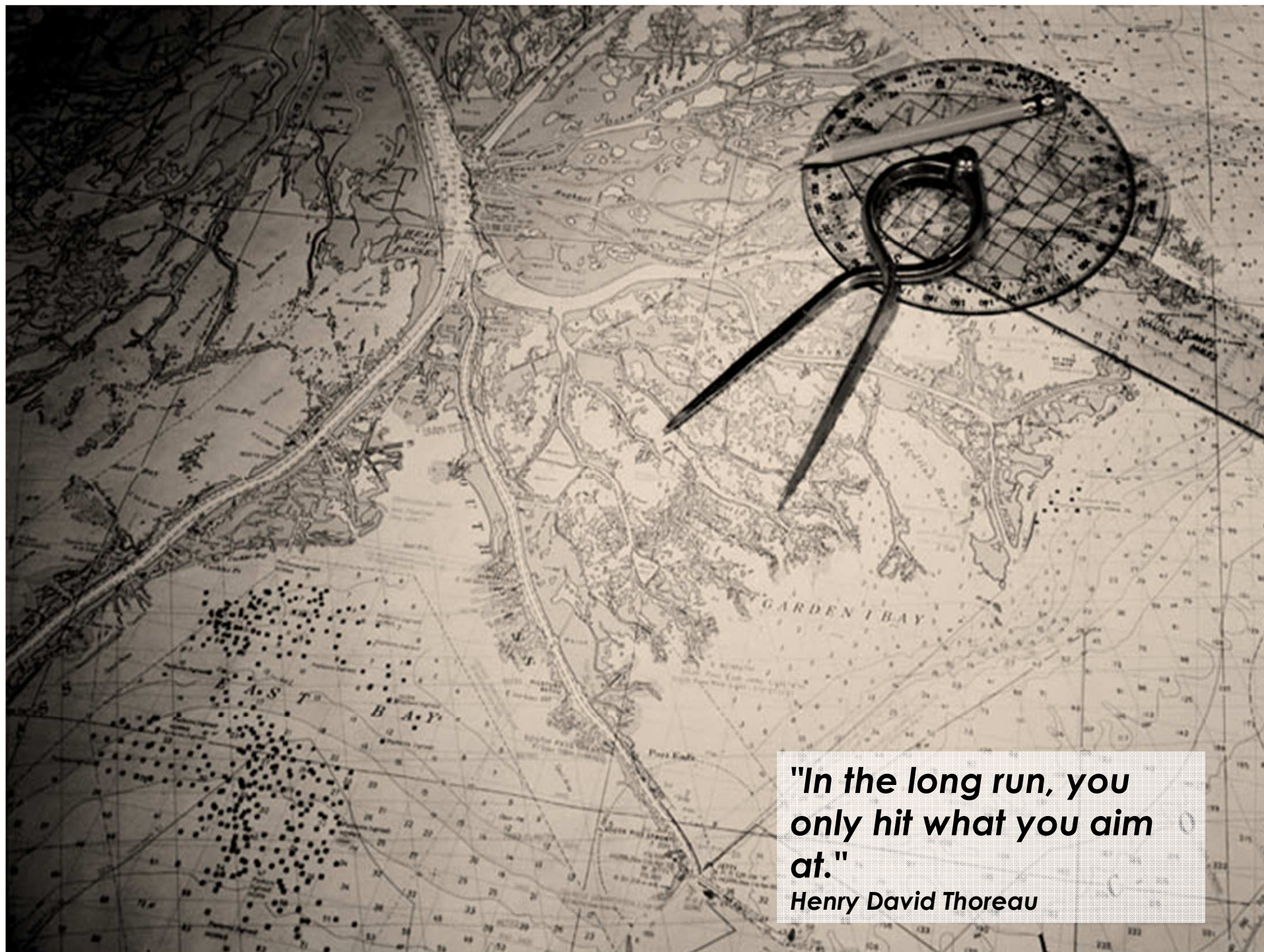


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**"In the long run, you
only hit what you aim
at."**

Henry David Thoreau

The Case for Integrated Business Planning

Business Planning – Global Practices

Comparison

- Most advanced businesses and industries are managed by 'facts & figures' and modern management methodologies; this also applies to professional entertainment venue operations
- **However: with regards to new projects the Entertainment sector often functions differently:**



In almost all industries new projects are started with a commercial idea followed by a first business plan (e.g. in the Silicon Valley for VC's):

- A business plan covers all relevant project planning dimensions – from the market analysis, the derived strategy and product definition, the financial planning, the marketing, operations planning, etc.
- Business plans evolve with continued planning efforts and become more detailed and accurate
- One of the key differences to standard entertainment 'feasibility studies', lies in the **systematic strategy & concept development process**



Observation: New Theme Park Projects are often dream-driven!

Evidence > IAAPA slogan: *Imagine the possibilities*

But what is really different in entertainment?

- Targeting children
- To excite guests, fantastic experiences and inspired story-telling are needed; this requires creativity, not accounting
- Anticipating consumer behaviour is science and an 'art'



Entertainment Project Planning Approaches

➤ **In the entertainment industry new projects often start with a 'dream':**

- The process is often started with **creative designers** who shall 'translate' the dream into a plan/visual; often this process is rather 'design' and 'fantasy' driven (not on market research/facts).
- At some point the project is taken for a **feasibility study** (often even by auditing firms with limited industry understanding); in many cases the initial plans must then be revised (to prepare for financing)
- Sometimes further market studies are done, but often times **no consistent business plan** including all planning dimensions is produced (as in other industries)



➤ **What we sometimes also see:** some more finance oriented project initiators start with a feasibility study for their given vision, and only if they get the desired confirmation, they proceed to master-planning; but also this approach is missing out on the systematic strategy review process (e.g. questioning the initial vision)

Negative Consequences of Traditional Planning Approaches

- The results of approaches with **subsequent** planning steps **are often not consistent** (numbers, plans, etc don't match) - which requires extra efforts by the developer to align results

The traditional approaches are not efficient and not effective:

- **Not efficient:** more iterations, time and investment is needed
- **Not effective:** without the necessary strategy/concept and market entry optimization process the business results are not as good as they could be:
 - **Not optimized profit**
 - **No deliberate project risk mitigation**
 - **Lower chances to find financing**
- **Conclusion:**
By comparison to a standard business planning process the traditional park planning approaches are spending more resources for less output/results

The Case for Integrated Business Planning

Industry Specific Solution

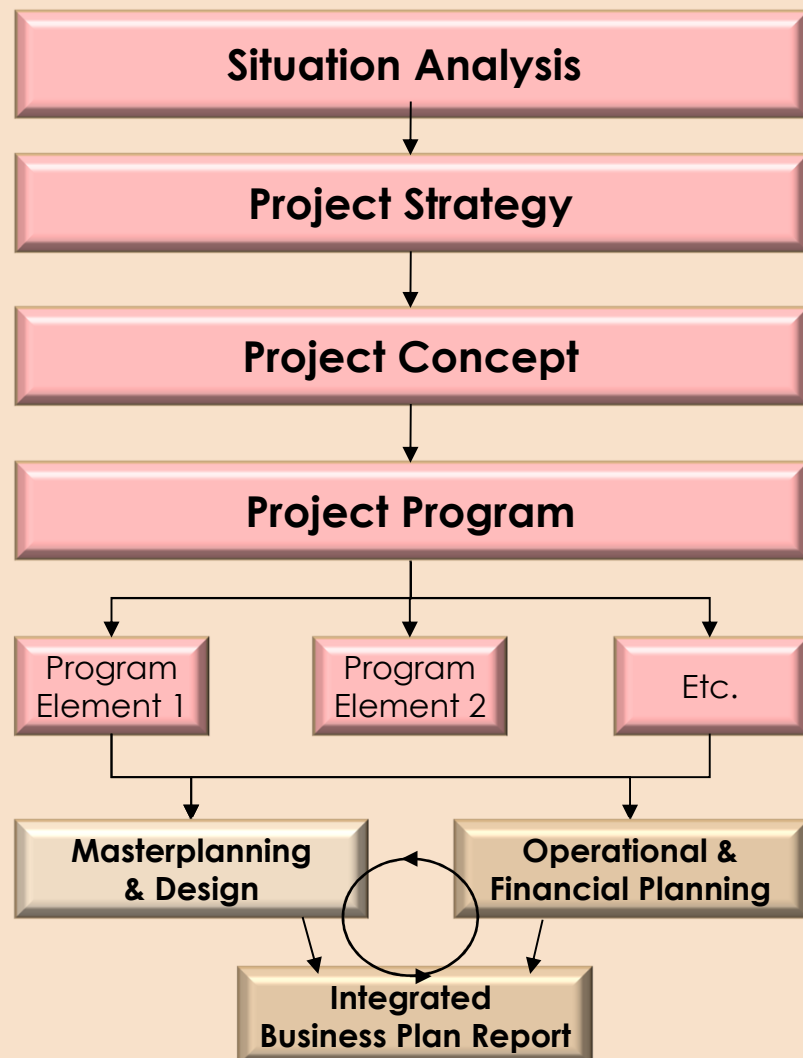
Solution:

- **Taking the general business planning methodologies as base and adjusting it to the specifics of the entertainment industry**
- **This means - Beginning the project with a business planning phase, which is integrating all relevant planning dimensions:**
 - Initial working steps include the necessary business planning 'homework' (assessments of market, situation, etc.)
 - Then a strategy finding process is applied including scenarios development and evaluation
 - This process shall combine 'business experts/business creativity' and 'experience experts/ design creativity'
 - Once the project/product strategy/concept is determined, the following business- and master-planning steps follow concurrently > this way project optimization iterations can occur and the results will be consistent (plans and numbers aligned) as it is all consolidated at the same time
 - Review by investor's/ bank's trusted advisor



The Case for Integrated Business Planning

Business Planning Logic



Selected Key Questions

- What is the **project's context** and the **relevant market factors**?
- What is the core **project vision**?
- What are the key **business drivers**?
- What is the strategy and distinct **project positioning**?
- Who are the **target clients**, and how can they be best attracted and served?
- Which strategy and **concept** best integrates all circumstances and business objectives?
- What are the **key program elements**?
- What is **the optimal usage mix** and how do the various program elements best exploit synergies?
- Which elements drive **commercial viability**?
- What is the appropriate project **sizing and staging**?
- How should the **main components** be specified?
- What are the key **requirements & guidelines** for the development design planning?
- How are those program elements best realized and **functionally allocated** in the given site conditions?
- What **operating performance** can be expected?
- What are the necessary **operational** considerations?
- What is the approximate **budget** and derived **investment need**, and how attractive is the **investment case**?
- How to **go to market** and run the project?

Commercial Destination Planning



Creating Mixed-Use Developments for Viable Projects

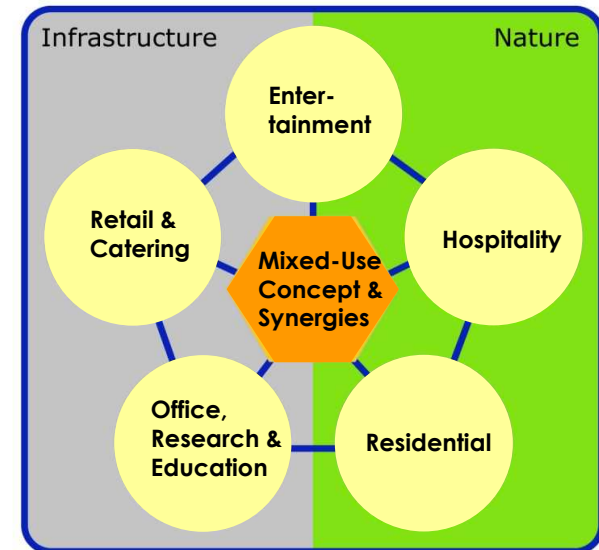
Mixed-Use Developments

- Custom-tailored mixed-use developments offer many advantages over a single usage focused project
- Development of **integrated concepts**, with a balanced, synergistic combination of usage types
- Design and implementation scheduling for maximum user experience and operating performance

Advantages of Mixed-Use Schemes

- **Risk diversification**
- **Higher revenues** due to enhanced overall value proposition, cross-selling, etc.
- **Lower costs** due to synergies in planning, shared infrastructure, operations, etc.
- **Marketing** advantages
- Better **financing terms** due to liquidity & cash flow optimization, risk balance

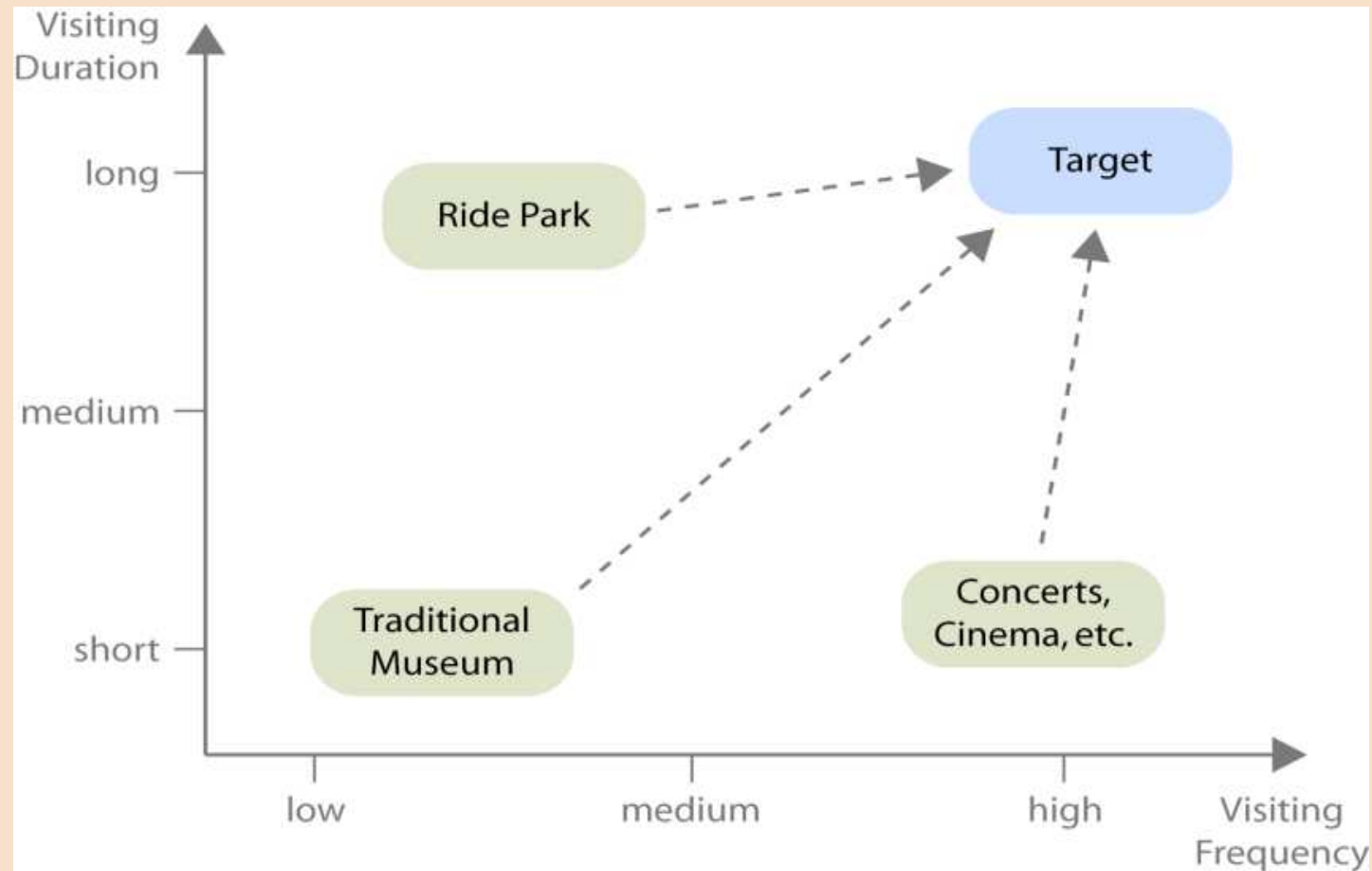
Generic Mixed-Use Example



Commercial Planning

Attractions Mix

Introducing offer-mix to extend stay duration and increase frequency:



Some General Guidelines for Leisure Destinations

- **Deliberate sizing & staging:** Crucial factor for project success is to determine the right size for the given market potential and for a maximum impact market entry, all the while minimizing the upfront investment exposure
- **Project Identity:** Necessary for project identification and market positioning
- **Landmark:** Developments with a landmark can exploit several benefits (Marketing, sales, PR effects)
- **Attractions:** Special features people will speak about
- **Malling:** Optimize visitor flow and changing experiences – combine commercial and experience aspects
- **Edutainment & interactivity:** Animation and inspiration of guests with interactive, educational programs
- **Authentic concept:** Build on local culture and society
- **Theming & style:** Creating a golden thread which ties the development together



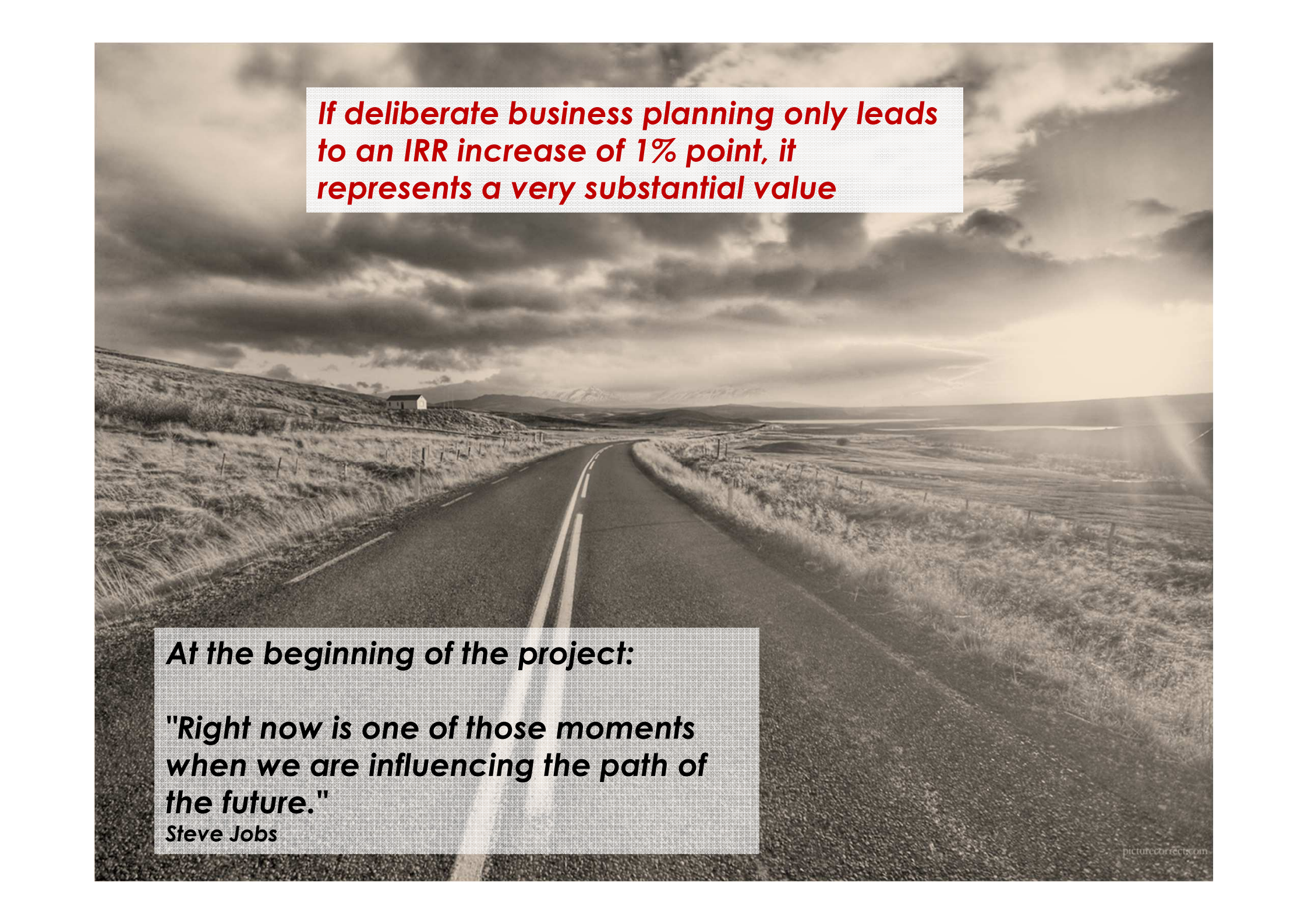
Example Landmark:
Swarovski Kristallwelten, Austria



Creating a Theme Park Destination – Selected Do's and Don'ts

The table highlights some of the criteria for a contemporary leisure concept:

| Old Style | 21 st Century Development |
|--------------------------------------|---|
| Amusement Park, hardware focus | Themed environment, immersive, story-telling |
| Stand-alone park | Mixed use - Concept |
| Amusement only | Fun smartly combined with inspiration, education |
| Copy of international best practices | Including innovation and authentic, local themes |
| Teenager focus | Family focus |
| Passive, consuming | Interactive, involving |
| Design/ masterplanning first | Integrated business planning |



***If deliberate business planning only leads
to an IRR increase of 1% point, it
represents a very substantial value***

At the beginning of the project:

***"Right now is one of those moments
when we are influencing the path of
the future."***

Steve Jobs

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Europa-Park

| 1975 | 2013 |
|-----------------------------------|-----------------------------------|
| 16 hectare | 94 hectare |
| 250.000 visitors | 4,7 mio visitors |
| 10 attractions | 110 attractions |
| 120 employees | 3.700 employees |
| opening period April – October | opening period March – January |

How did Europa-Park grow?

- step by step
- adding details
- adding attractions
- adding themes
- adding resort elements
- **most of all: listening to our guests**



- Honest feasibility study and solid business plan
- Master plan for now and the future



Then pick an enduring theme
Relevant now; relevant in the future

Europe as a theme



The park has 13 different themed areas



Are you building a regional theme park for day trippers
or are you building a Resort?



Factors of success

- a compelling attraction
- an attractive value
- a strong call to action



Focus on visitors

Constant research is essential

Using this research is more essential



Quality in details



Service quality
Every day in every way



Value for money

Make your guests feel they get more than they expected and paid for



Continuous innovations
in all departments not just rides



Partnering



Nature as attraction

The park must operate in a 'green' fashion
Also in our industry the future can be green and sustainable



Positive Image

Environmental friendly company

Energy saving

Environmental risks

Energy cost reduction



Europa-Park is the first theme park in the world certified as a green theme park by TÜV Germany



Constant expansion

driven by guest research
following the master plan
driven by the business model

Europa-Park expansion case studies:

- Hotel Bell Rock
- New attraction 2014:
Arthur and the Invisibles



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Hotel Bell Rock opened 2012

Research showed high demand for more themed accommodations:

- 250 family-rooms and suites
- Direct resort access
- Immersive theming in every detail from architecture to Food and Beverage





- Three different price point restaurants
- offering value at every level from buffet to Michelin star



- Business plan played a huge role in the design of this hotel
- To maximize guest satisfaction, efficiency and return on investment
- Result: Europa-Park's 5th Hotel has been a huge success from day one with high occupancy rates



EUROPA PARK
FREIZEITPARK & ERLEBNIS-RESORT



ARTHUR

IM KÖNIGREICH DER MINIMOYS


EUROPA CORP

© MACK
INTERNATIONAL™

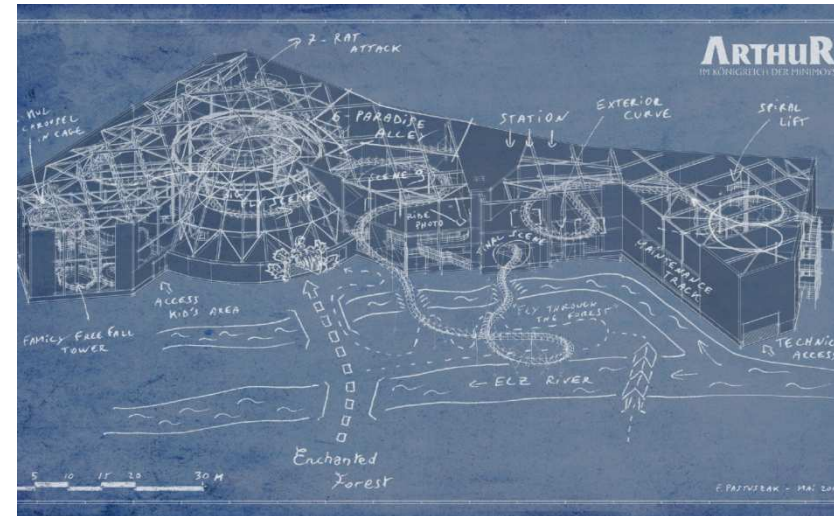
Arthur - In the Kingdom of the Invisibles



- Europa-Park has guests from all over Europe
- Research showed that French guests were looking for a highly immersive French based attraction
- Europa-Park and Europa Corp (famous European film studio led by renown film director Luc Besson) partnered in the development of the Arthur attraction
- Arthur and the Invisibles is a trilogy of movies which has been extremely successful especially in France

Arthur - In the Kingdom of the Invisibles

- Spectacular indoor attraction
- Big show building: 38,000 sq ft with a 50-foot-dome
- World premiere innovation of a new ride system from Mack Rides
- Flight through 7 fantastic kingdoms
- Lots of high-tech special effects
- Dining and shopping experiences and indoor play-area to extend use in winter



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Conclusions

- Recommended: **integrated business planning** for new and expansion projects
- Finding the right balance between **sticking to and adjusting the plan**
- **Constant expansion and innovation** supported by strong communication
- **Most importantly: Listen to your future or current guests!**



Contacts



kvb@europapark.de



marcel.hatt@maxmakers.com