



# RePlay magazine

## FRANK TALK

### Riding the Redemption Wave In Water Parks

By **FRANK SENINSKY**

Frank is president of the Alpha-Omega group of companies (Amusement Entertainment Management LLC, Alpha-Omega Amusements, Alpha-BET Entertainment and Alpha-Omega Sales)



**T**he indoor water park industry is one of the fastest growing leisure businesses in North America and it represents a great opportunity for operators who know how to provide good, solid, family-focused entertainment.

How do I know this?

Well, for one, we already operate a number of premier indoor water parks. Plus, I attended the annual World Water Park Association Symposium and Trade Show in Ft. Lauderdale, Fla.

It was a very good show, with total attendance somewhere around 3,000, meaning it's about the size of our industry's Fun Expo. The exhibit space is probably a little smaller than what we are used to, but that's because you can't set up the large water park attractions inside a convention center. So they bring miniature versions of their products.

Exhibitors are selling all the aquatic components, open water slides, tube slides, lazy rivers, water cannons, body boards, water ski equipment, uphill slides, plus all the pumps, motors, parts and filters. Then there are ancillary products and services, like food and beverage, ticketing and POS systems, dry entertainment play, promotional retail and give-

away items.

The indoor water park industry right now really has the ear of the hotel, resort, convention and casino business because it lets them charge more per room and increase occupancy. Here's how it works, generally:

Guests are able to access the water park and that fee is consolidated on your room charge so the hotel can charge a lot more per room. Many hotels are redesigning their rooms into family suites that can sleep four to six people and building and sell-



**Jeff Coy** of JLC Hospitality Consulting, explains to the 80-plus attendees "What is a Waterpark — Really?" as he goes through their history starting with the Garden of Eden, the "first pleasure gardens theme park," to when God first told Noah, "I wanna build a waterpark" (Great Flood), to the opening in 1986 of Lake Compounce Amusement Park.

## Frank Talk



**Rick Rook**, executive director of the World Waterpark Association, addresses the 1000 people who packed General Session at the WWA Symposium & Trade Show, Ft. Lauderdale, Fla., Oct. 4-9, 2004.

ing condos that sleep eight and even up to 12 that are rented as needed from the condo owners.

Wisconsin Dells, Wisc., is the indoor waterpark capital of the world. There are currently 62 hotels in Wisconsin Dells.



**Bill Haralson**, president of William L. Haralson & Associates, addresses the Waterpark Development & Expansion Workshop (which he and Jeff Coy put together).

Of those hotels, 18 have indoor water parks, but those 18 hotels garner 81% of total room revenue in the Dells. They simply get more guests who are willing to pay \$200-\$400 per night for their room. The Wilderness Hotel, one of the first to open up a major indoor water park, offers three indoor waterparks with

a total of 160,000 square feet of activities (the largest in the U.S.) with 593 rooms and suites.

By the end of 2004, there will be 79 indoor water parks in operation in the U.S. Four years ago, there were only 31. In addition to those 79, there are another 32 under construction, and 69 more in development. In the hotel category, there are currently more than 12,000 rooms connected to water park facilities with another 4,000 rooms under construction and 15,000 in development. These numbers represent five-fold growth over a relatively short period of time. Much of this development is focused in the Great Lakes states of Michigan, Minnesota and Wisconsin, where the cold winters make these types of venues particularly attractive for long weekend and extended holiday stays.

So what makes these facilities so attractive to investors and developers? Let's go back to family, something we have been talking about every month in this column. Today, the family as a leisure consumer is defined as parents with young children or grandparents with young grandchildren — everything except the typical teenagers. This is the

## Amusement Entertainment Management, LLC



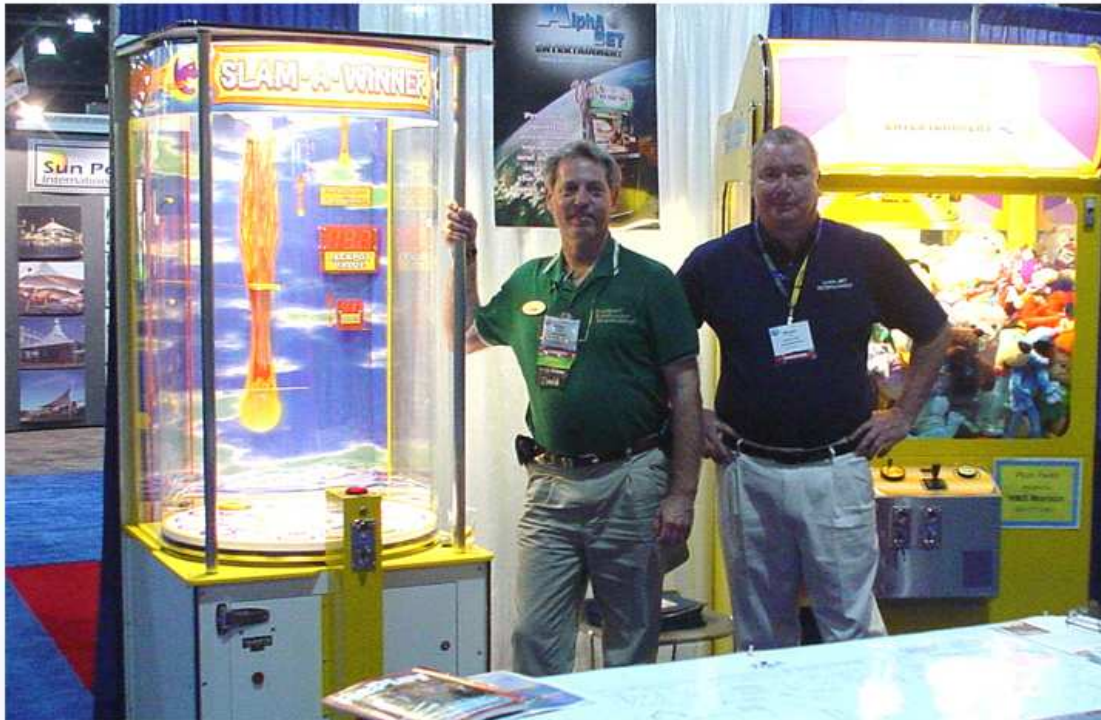
*Frank Seninsky, President*

***“In The End, The Best Consultant Always  
Saves You More And Costs You Less”***

- Project Feasibility Studies
- Architectural Design & Theming
- Game and Attraction Sourcing, Purchasing, and Resale Services
- Business & Marketing Plan Creation
- Facility Upgrading and Revitalization
- Operating and Performance Audits

A division of Alpha-Omega Amusements, Inc., 12 Elkins Road, East Brunswick, NJ 08816  
Contact Frank Seninsky or Jerry Merola at (732) 254-3773, e-mail us at  
Fseninsky@aol.com, Profittwizz.aol.com, or visit our website at AEMLLC.com

## Frank Talk



**Yours truly** (left) and Mickey Starks (right) exhibited two Benchmark games (*Slam-A-Winner* and *ACME Crane*) at the World Waterpark Association Symposium & Trade Show, Ft. Lauderdale. Alpha-BET Entertainment provides games and attractions and dry entertainment consulting services (AEM) to both indoor and outdoor waterparks (Schlitterbahn Waterpark, Dorney Park & Wild Water Kingdom, Kalahari Hotel/Indoor Waterpark Resort, Holiday Inn, Frankenmuth Bavarian Inn Lodge, Massanutten Resort, H2O Entertainment, Daytona Lagoon, and several hotel chains.)



group that spends the most money on leisure entertainment. Teens generally make up a separate customer demographic. For example, say a family sits around the dinner or breakfast table (a rare event these days) and considers a three-day weekend to an indoor water park. All of a sudden, the teenagers want to go along. It revives the old definition of family! Outside of an exotic trip to a ski resort or a European vacation, teenagers can be counted upon to start making excuses of why they need to stay home (and of course party in a home where the parents are away).

Indoor waterpark facilities offer activities for every segment of the family, and you don't have to leave the premises; that's why the revenue soars. You are also going to eat a decent percentage of your meals on site and of course play games and partake in other dry attractions typically seen at family entertainment centers.

This tremendous growth in indoor waterparks has been duly recognized by the organizers of the water park show, which, for the first time this year, offered a two-day seminar on this market segment, having split its pre-show con-

ference time between indoor and outdoor parks. Congratulations to Bill Haralson (William L. Haralson & Associates) and Jeff Coy (JLC Hospitality Consulting) for putting together the Waterpark Development & Expansion Workshop, which attracted more than 150 attendees for both sessions along with 30 top industry speakers. By the way, Wisconsin Dells represents the meeting of these two markets, starting out as an outdoor water park destination and then evolving into an indoor water park area.

Outdoor and indoor parks are very different animals. An outdoor water park is a one-day experience, because families with young children aren't going to stay in the sun all day long day after day. The weather becomes a severely restricting factor and the outdoor business has not been a big growth business.

It's a mature business and its seasonality limits growth in cold weather regions. However, the first indoor parks didn't spring up until the mid-1990s, less than 10 years ago. History gives credit to Stan Anderson who, in 1994, installed several water attractions to the indoor pool at his Polynesian Resort in

the Dells. [But for the record, the first actual indoor waterpark in the US was the Bavarian Inn Lodge in Frankenmuth, Mich., where, in the early 1980s, the Zehnder family (Judy and Bill) added three indoor swimming pools and whirlpools with a complete family entertainment center (games and attractions, Rathskeller) to the lower level of the 360 room lodge.

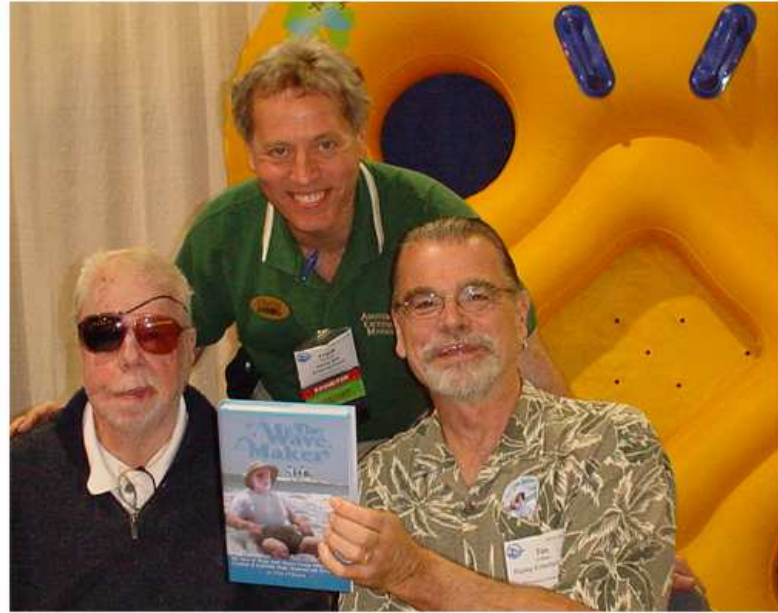
So how do the indoor water park market and the FEC or games market relate? Well, so far they are just getting to know one another. The FEC or dry component entertainment has been an afterthought, an animal nobody knows what to do with, like the game room in a bowling center used to be.

However, water park developers are beginning to embrace the idea of the FEC as an additional revenue source; its function is to get the people out of the water, enjoy themselves and spend additional money. The FEC business is becoming another hub for this industry like it is with every other leisure business.

There have always been games at water park facilities, but now developers in this business are looking at more than just video and novelty games. Some of the resorts are going so far as to put in bowling centers as well as games, redemption, softplay, bumper cars, miniature golf, go-karts, mini-bowling and laser tag. They are looking at the whole universe of more than 260 FEC revenue generating components.

Fortunately, there are more operators interested in redemption as a way of life now that video has been on the long-term downslide, and those are the ones who will be prepared to serve this growth market. But we are still talking maybe 10% of the total number of amusement operators. Redemption is the component of the games industry that attracts the family, and most serious leisure businesses understand that games are a new source of opportunity.

At a seminar I gave at last year's IAAPA on redemption, more than 40% of the attendees were full-fledged theme park executives and game managers. That crowd used to be largely the FEC owners/developers who came to IAAPA and enthusiastically attended my game seminar. These people, as well as other leisure developers and investors, see not only that redemption revenue, but also



**George Millay (left),** "Father of the Waterpark" presents his new book, *The Wave Maker* written by Tim O'Brian (right), VP publishing and communications, Ripley Entertainment, with me in the middle. In 1964, George Millay created Sea World and Magic Mountain in 1971. In 1977, he opened Wet 'N Wild, the world's first waterpark. This book is a "must read" for everyone in the waterpark industry.

the ability of our games to keep customers on site for a longer period of time as something that can no longer be overlooked.

Redemption is easy and it's foolproof as long as you know what you are doing. The problem is that the average age of the owners of game operating companies is such that most of the business people who run them are not going to change their business radically or take a big risk, even if it's simply a perceived risk.

Fortunately, the next generation is beginning to jump into this segment of the business.

It's a great time for our business. People who bemoan the loss of the video boom have blinders on. They want to do the same thing they were doing in the 1970s. They are missing an even greater opportunity — the family boom that has been steadily growing over the past 15 years. Don't miss out on the next 15 great years ahead of us. ◆

*[Frank "the Crank" Seninsky, a 31-year industry veteran, is a past president of the Amusement & Music Operators Association and president of the Alpha-Omega group of four companies. Amusement Entertainment Management specializes in leisure entertainment center financial planning feasibility studies, operations, design, theming, sales, equipment leasing and sourcing, setup, staff training, contract negotiations, marketing and consultations. Their current list of clients stretches from coast to coast and now internationally and includes some of the world's biggest names in the leisure, entertainment, and hospitality industries. Alpha-Omega Amusements and Alpha-BET Entertainment revenue share games and provide daily service throughout the US and Canada. Alpha-Omega Sales specializes in the sales of new and reconditioned equipment, parts and related components and support devices. For more information, contact Alpha-Omega Amusements... Alpha-Omega Sales... Alpha-BET Entertainment... or Amusement Entertainment Management. Address is 12 Elkans Rd., East Brunswick, NJ 08816. Phone is 732/254-3773; fax is 732-254-6223. Email is fseninsky@aol.com. Website is www.AEMLLC.com or www.AlphaOmegaAmus.com.]*