

# Review of Attendance and Per Capita Revenue Performance. at Marine World June-Sept 86

10-10-1986

Harrison Price Company

Find similar works at: <http://stars.library.ucf.edu/buzzprice>

University of Central Florida Libraries <http://library.ucf.edu>

 Part of the [Tourism and Travel Commons](#)

## Recommended Citation

Harrison Price Company, "Review of Attendance and Per Capita Revenue Performance. at Marine World June-Sept 86" (1986).  
*Harrison "Buzz" Price Papers*. 62.  
<http://stars.library.ucf.edu/buzzprice/62>

This Report is brought to you for free and open access by the Digital Collections at STARS. It has been accepted for inclusion in Harrison "Buzz" Price Papers by an authorized administrator of STARS. For more information, please contact [lee.dotson@ucf.edu](mailto:lee.dotson@ucf.edu).

Letter Report

REVIEW OF ATTENDANCE AND PER CAPITA  
REVENUE PERFORMANCE AT MARINE WORLD  
JUNE-SEPTEMBER 1986

Prepared for:

Marine World Africa USA  
October 10, 1986

Prepared by:

Harrison Price Company  
876 South Bronson Avenue  
Los Angeles, California 90005

(213) 937-3457

# HARRISON PRICE COMPANY

October 10, 1986

Mr. Michael B. Demetrios  
President  
Marine World Africa USA, Inc.  
Marine World Parkway  
Vallejo, California 94589

Dear Mike:

In response to your recent request, we have conducted an analysis of attendance and per capita revenue performance at Marine World since its opening at the new site in Vallejo to date (June 16-September 28, 1986), as compared to projections prepared by HPC in March 1985. A summary of our findings is presented in the pages to follow.

## ATTENDANCE PERFORMANCE

HPC's attendance projections for Marine World as revised in March 1985 were based on the market size and estimated market penetration rates shown in **Table 1**. Projections referred to the second year of operation and, as indicated, were stratified according to low, probable, and high levels of performance. The probable attendance forecast for the second year was 1.165 million paid visitors. Recognizing that initial-year attendance at recreation attractions is typically higher than stabilized volume due to publicity associated with the opening and other factors, HPC estimated that attendance during the first year would be 10 percent above the second year, or 1.282 million. After the second year, visitation was projected to grow at an average of 3 percent annually, yielding the longer-range projections presented in **Table 2**, which call for a total volume of 1.272 million by the fifth year and 1.475 million by the tenth year.

Table 1

**HARRISON PRICE COMPANY PENETRATION AND  
ATTENDANCE PROJECTIONS FOR MARINE WORLD<sup>1</sup>**

	<u>Performance Level</u>		
	<u>Low</u>	<u>Probable</u>	<u>High</u>
<b>Total Market Size (thousands)<sup>2</sup></b>			
Resident Market			
Primary (0-50 miles)	←-----	4,731	-----→
Secondary (50-100 miles)	←-----	<u>3,974</u>	-----→
Subtotal	←-----	8,705	-----→
Tourist Market	←-----	<u>12,000</u>	-----→
Total	←-----	20,705	-----→
<b>Estimated Market Penetration Rate<sup>3</sup></b>			
Resident Market			
Primary (0-50 miles)	12.5%	13.5%	15.0%
Secondary (50-100 miles)	<u>5.5</u>	<u>6.0</u>	<u>6.5</u>
Subtotal	9.0%	10.1%	11.1%
Tourist Market	<u>2.0</u>	<u>2.4</u>	<u>2.8</u>
Total	5.0%	5.6%	6.3%
<b>Total Annual Attendance (thousands)<sup>3</sup></b>			
Resident Market			
Primary (0-50 miles)	568	639	710
Secondary (50-100 miles)	<u>219</u>	<u>238</u>	<u>258</u>
Subtotal	787	877	968
Tourist Market	<u>240</u>	<u>288</u>	<u>336</u>
Total	1,027	1,165	1,304

<sup>1</sup> Projection series prepared in March 1985.

<sup>2</sup> Based on 1984 population estimates.

<sup>3</sup> Refers to second year of operation.

Source: Harrison Price Company.

Table 2

SUMMARY OF HARRISON PRICE COMPANY  
ATTENDANCE PROJECTIONS FOR MARINE WORLD  
(Probable Performance Level)

<u>Operating Year</u>	<u>Annual Attendance (thousands)</u>
Year 1	1,282 <sup>1</sup>
Year 2	1,165
Year 3	1,200
Year 4	1,236
Year 5	1,272
Year 10	1,475

<sup>1</sup> Second-year attendance level increased by a factor of 10 percent to account for initial market impact.

Source: Harrison Price Company.



Marine World officially opened at its new Vallejo location on June 16, 1986. Through September 28, or the first 15 weeks of operation, the attraction recorded a total paid attendance volume of 757,000, as shown in Table 3. HPC's projection of probable performance during this same period was 763,000 visitors, meaning that the park is running very slightly below (0.8 percent) projected probable volume. It will be noted, however, that through the calendar month of August, Marine World attendance amounted to some 665,000 paid visitors, a level some 11.5 percent above projections for the corresponding period. Poor performance during the month of September, when actual attendance was only 55 percent of projected levels, was associated with two factors: 1) the fact that Labor Day--the traditional end of the prime summer operating season--came very early in the month this year (September 1), thus curtailing "prime time" by a factor of a few days to as much as a week vis-a-vis other calendar years (for example, Labor Day will fall on September 7 in 1987); and, more importantly 2) unseasonably cool and wet weather in the Bay Area during much of September.

Turnstile counts reveal that attendance rebounded substantially in early October when amenable weather returned, with a cumulative total of approximately 777,000 paid visitors recorded through the week ended October 5. Attendance projected by HPC through the first week of October was a virtually identical 776,000--actual attendance is thus right on target and would have been considerably above target had rainy weather not constrained September performance. There is the additional consideration that television advertising for the park and efforts to market pre-sold tickets did not start until about mid-July, a factor which delayed full public response to the project in its early weeks of operation.

#### **PER CAPITA REVENUE PERFORMANCE**

As shown in Table 4, total gross revenue recorded at Marine World through the first 13 weeks of operation (June 16 through

Table 3

COMPARISON OF ACTUAL VERSUS PROJECTED  
ATTENDANCE AT MARINE WORLD TO DATE  
June - September 1986<sup>1</sup>

<u>Calendar Month</u>	<u>Projected Paid Attendance (thousands)</u>			<u>Actual Paid Attendance (thousands)</u>	
	<u>Percent of Annual</u>	<u>Incre- mental</u>	<u>Cumu- lative</u>	<u>Incre- mental</u>	<u>Cumu- lative</u>
June (2 weeks)	8.5% <sup>2</sup>	109	109	93	93
July	18.5	237	346	247	340
August	19.5	250	596	325	665
September	<u>13.0</u>	<u>167</u>	763	<u>92</u>	757
Total	59.5%	763		757	

<sup>1</sup> First 15 weeks of operation.

<sup>2</sup> Based on probable annual volume of 1.28 million.

<sup>3</sup> At 50 percent of total 17 percent projected for month.

Source: Marine World Africa USA and Harrison Price Company.

**Table 4**  
**TOTAL OPERATING REVENUE**  
**AT MARINE WORLD TO DATE<sup>1</sup>**

<u>Revenue Category</u>	<u>Total Gross Revenue</u>
Admissions	
Regular	\$7,732,460
Other <sup>2</sup>	<u>472,862</u>
Subtotal	\$8,205,322
Animal Rides	\$ 114,788
Food and Beverage	3,457,180
Merchandise	1,952,506
Games	430,857
Other	
Parking	446,045
Miscellaneous Attractions <sup>3</sup>	<u>14,460</u>
Subtotal	\$ <u>460,505</u>
Total	\$14,621,158

<sup>1</sup> First 13 weeks of operation (June 16 - September 14).

<sup>2</sup> Includes groups, guest relations, charter members, and prepaid admissions; excludes memberships sold off-site.

<sup>3</sup> Includes Gentle Jungle, Seal Cove, and guided tours.

Source: Marine World Africa USA and Harrison Price Company.



September 14) amounted to some \$14.6 million, roughly 56 percent of which was contributed by gate receipts (regular admissions plus group, charter member, and prepaid tickets). It should be noted that this figure excludes off-site membership sales which, through Safeway-store and other promotions, adds substantially to total revenue (about \$650,000, for example, through mid-August). On a paid-attendance basis (725,000 through September 14), the total \$14.6 million gross revenue figure translates into a total gross per capita revenue averaging \$20.17. HPC understands that with the return of warmer weather in late September and early October (which has important implications for visitor expenditures on such items as beverages, animal rides, and animal feeds purchased in the Gentle Jungle and Seal Cove contact areas), total per capitās have increased and are expected to amount to about \$20.50 by the end of the year. An important additional factor in this increase is that the pre-sale ticket program is now being aggressively pursued.

A comparison of projected versus actual per capita revenue performance is complicated by the differing assumptions made regarding admission prices and in assigning specific types of revenue to specific categories. For instance, total admissions receipts projected by HPC (in its original report on the relocation project submitted in September 1982) were predicated on animal rides and certain other miscellaneous attractions being included in the gate charge; in actuality, Marine World is assessing an additional fee for these activities. Also, the "other" category of spending as defined by HPC included a water play attraction, arcade, and other minor recreation components not in fact developed at the new site. Thirdly, HPC's projections of revenue from games operations implied a considerably larger games area than was ultimately developed. Most significantly, however, HPC's estimate of net per capita admissions revenue was based on an assumed adult ticket price of \$11.95 in 1985, which was projected to increase by 5 percent to \$12.55 in 1986; in actuality, Marine World's 1986 adult admission price is \$13.95, or some 11 percent higher.

With these caveats in mind, Table 5 presents the original HPC projections of total per capita revenue, which are shown to range from \$18.40 in 1985 to \$22.37 in 1989. Interpolating between the benchmark years, total per capita revenue in 1986 would amount to some \$19.32 on the basis of an average 5 percent annual across-the-board increase. As noted above, however, there is a major discrepancy in the admissions category and lesser discrepancies in selected other categories. If HPC's original estimate of the adult admission price (\$12.55 in 1986) is increased to the level in fact charged (\$13.95), total net admissions receipts (after allowing for adult/child/senior ticket mix and discounts) would amount to some \$10.69, as shown in Table 6. Further, if estimates for all other categories are assumed to remain the same (which is not entirely consistent with actual Marine World policy and/or experience), the revised projection of total per capita revenue would amount to \$20.41.

Hypothetically, the latter figure exceeds actual Marine World experience by a marginal 1 percent. In reality, however, HPC considers revenue performance to be ahead of target for the following reasons:

- Actual admissions receipts shown do not, as previously noted, include the substantial increment of off-site membership sales recorded.
- The delay in gearing up the television advertising and pre-sale ticket programs acted as a constraint on admissions revenue performance in the attraction's early weeks of operation.
- No incremental revenue from animal rides was assumed by HPC, when in fact Marine World is successfully adding 14 cents per capita for these attractions.



Table 5

HARRISON PRICE COMPANY PER CAPITA  
REVENUE PROJECTIONS FOR MARINE WORLD  
1985 AND 1989

<u>Revenue Category</u>	<u>1985</u>	<u>1989<sup>1</sup></u>
Admissions <sup>2</sup>	\$9.15 <sup>3</sup>	\$11.12 <sup>3</sup>
Food and Beverage	4.50	5.47
Merchandise	2.00	2.43
Games	1.25	1.52
Parking and Other <sup>4</sup>	<u>1.50</u>	<u>1.83</u>
Total	\$18.40	\$22.37

<sup>1</sup> Per capita revenues were assumed to increase at 5 percent annually over 1985 estimates.

<sup>2</sup> Includes animal rides.

<sup>3</sup> Based on an annual adult admission price of \$11.95 in 1985 and \$14.50 in 1989, adjusted for attendance mix and discounts.

<sup>4</sup> Includes rentals, arcades, and water play area.

Source: Harrison Price Company.

Table 6

COMPARISON OF ACTUAL VERSUS PROJECTED  
PER CAPITA REVENUE AT MARINE WORLD TO DATE<sup>1</sup>

<u>Revenue Category</u>	<u>Projected Per Capita Revenue<sup>2</sup></u>	<u>Actual Per Capita Revenue<sup>3</sup></u>
Admissions		
Regular	\$--	\$10.67
Other	<u>--</u>	<u>0.65</u>
Subtotal	\$10.69 <sup>4</sup>	\$11.32
Animal Rides	\$na	\$0.16
Food and Beverage	4.73	4.77
Merchandise	2.10	2.69
Games	1.31	0.59
Other		
Parking	--	0.62
Miscellaneous Attractions	<u>--</u>	<u>0.02</u>
Subtotal	\$ <u>1.58</u> <sup>5</sup>	\$ <u>0.64</u>
Total	\$20.41	\$20.17

- <sup>1</sup> First 13 weeks of operation (June 16 - September 14).  
<sup>2</sup> Projections for 1985 increased by 5 percent (see Table 5).  
<sup>3</sup> Based on paid attendance volume of 724,725 through September 14.  
<sup>4</sup> Projection of \$9.61 for 1986 adjusted to account for the higher admission price actually adopted.  
<sup>5</sup> Includes arcade, water play area, and rentals.

Source: Marine World Africa USA and Harrison Price Company.



- HPC's assumptions on the scope of the games operation exceed what was actually developed, thus rendering this particular revenue projection invalid.
- Similarly, HPC's projection of revenue in the "other" category included, in addition to parking, a sizable arcade and a water play area, neither of which were in fact developed.

Precise per capita differentials associated with each of these considerations are impossible to determine. In an overall context, HPC considers Marine World's performance to be at least very near and probably somewhat above projections after taking these various factors into account. It will be noted that merchandise sales are running 28 percent above projection, for an exceptional performance level. Food and beverage sales to date are virtually even with projection, even though the park's traditionally lucrative group picnic business, which was an important component of the food sales projection, did not get underway until the first week of August and is no doubt additionally suffering from a temporary dislocation problem given the move from the heart of "Silicon Valley" to Vallejo.

#### CONCLUSION

The foregoing comparison of Marine World attendance and per capita revenue performance to date reveals that the park is comfortably meeting "probable" expectations for the first year of operation and is more than 10 percent above "low" expectations. If the weather-affected month of September is discounted, moreover, paid attendance at the park through August would be near the "high" forecast level. Assuming more or less normal weather conditions during the remainder of the first operating year, Marine World should achieve a total first-year attendance volume on the order of 1.35 million, representing an upward revision of about 5 percent over HPC's prior projection of 1.28 million.

\* \* \* \*

Please let us know if we can answer any questions or provide additional clarification of our findings at this time.

Sincerely,

Sharon J. Dalrymple  
Vice President

Nicholas S. Winslow  
President