

BUSINESS & COMPANY RESOURCE CENTER CURRICULUM SUPPORT DEMONSTRATION

ABOUT THIS DOCUMENT:

The screenshot shows the Business & Company Resource Center interface. At the top, there are navigation tabs for Home, Company, Industry, Articles, and Advanced Search. A search bar is present with the text 'Enter your search terms:' and a 'Company Search' dropdown. The current search result is for 'Walt Disney Co. (DIS)'. The page displays various tabs for 'Company Profile', 'News/Magazines', 'Histories', 'Investment Reports', 'Financials', 'Rankings', 'Suits and Claims', 'Products', 'Industry Overview', and 'Associations'. The main content area provides the following information:

Walt Disney Co. (DIS)
 500 S Buena Vista St.
 Burbank, California
 91521
 United States
 Tel: (818) 560-1000
 Fax: (818)560-1930

Business
 Services: Entertainment company, including: motion picture film production for film, video and television industry, theme park operator. Retail: Gifts and novelty items. Finance: holding company.

Variant Names
 Disney Walt Co. - Inverted Name
 The Walt Disney Co. - Legal Name
 Walt Disney Productions - Name Change
 For Kids Worldwide Inc. - Acquisition

Auditors
 PricewaterhouseCoopers LLP

SIC Codes
[7812 - Motion Picture, Video Tape Production](#)
[7819 - Services Allied To Motion Pictures](#)
[7996 - Amusement Parks](#)
[5947 - Gift, Novelty And Souvenir Shops](#)
[6719 - Holding Companies, Not Elsewhere Classified](#)

The following is a simulation of an assignment given to students at an Ivy League school of management program. The research to complete the project was conducted by Thomson Gale using the *Business & Company Resource Center*, a comprehensive business information database that meets core curriculum requirements for undergraduate and graduate case study work in finance, economics and marketing.

The goal of this research paper is to

demonstrate the depth and breadth of *Business & Company Resource Center* as a potential single source of business information. This is a simulation of a the research available to the student as part of completing the project or assignment for a competitive strategy course, requiring the student to analyze a strategic decision of an organization, in this case Six Flags, Inc.

Additional research projects available for viewing using the Business & Company Resource Center include other simulations of coursework at various colleges and universities throughout the country in the areas of International Operations Management, Information Systems for Product Management, Marketing Planning, SWOT Analysis, and Strategy in Information Goods Markets.

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MGT 500 level course: Competitive Strategy

The final project is a paper analyzing a strategic decision of an organization. This could be a for-profit firm or a non-profit organization. Your paper should analyze the organization's environment and its competitors, explain why its strategy is effective or not, use concepts from the course to explain why, and make criticisms of past choices and recommendations for the future. Your project should clearly define the issues facing the organization of interest, analyze the situation using the concepts and tools of the course, and develop a specific plan of action for the organization. You can analyze current or historical situations.

Organization:

Six Flags, Inc.

Environment:

U.S. Theme parks boasted revenues of approximately \$US 10.3 billion for 2003, with an estimated 322 million visitors in attendance, according to the International Association of Amusement Parks and Attractions (IAAPA).¹ The amusement park industry's roots can be traced all the way back to medieval Europe when in approximately 1133 A.D., the monk Rahere, a former jester in the court of Henry I held the first trade fair. In the United States, by the late 19th Century, electric trolley companies began building amusement parks at the end of the trolley line as a way to encourage patronage on the weekends when there were few riders. The golden era of amusement parks began in 1893, with the World's Fair Columbian Exposition held in Chicago; it was at this event that the Ferris wheel and the Midway were introduced to the world.²

Six Flags Inc. is the world's largest regional theme park company and the second leading amusement park operator in the United States, (Walt Disney Company being the first), and hosts nearly 50-million guests per year. The company runs thirty-nine family-oriented theme parks in the United States, Canada, Mexico, and Europe. Six Flags estimates that nearly two thirds of the U.S. population lives within 150 miles of one of its parks, and the properties serve 35 of the 50 largest U.S.

¹ Business & Company Resource Center: Industry Overview Display Page, Amusement Parks (NAICS 713110).

² Business & Company Resource Center: Industry Overview Display Page, Amusement Parks (NAICS 713110).

metropolitan areas. Six Flags focuses mainly on local markets, whereas their number one competitor, Disney, attracts visitors from all over the world. Six Flags, Inc. has exclusive rights to theme park usage of Warner Brothers and DC Comics characters in most of North America, Latin America, and Europe, with many parks featuring such characters as Bugs Bunny, Daffy Duck, Tweety Bird, Yosemite Sam, Batman, and Superman.³

Competition:

The Amusement Park Industry is quite competitive. In the late 1990's, industry consolidation began to occur and larger and more established parks began to gobble up smaller parks and family-run operations. As a result, theme parks became hot commodities, and acquisitions for theme park properties rose to record levels. The largest acquisition was the U.S. \$1.9 billion paid for the Six Flags Theme Parks Chain by Premier Parks. As fewer amusement park properties become available due to the consolidation in the U.S. industry, operators must work harder to attract and retain attendees by adding new rides, new shows, and new experiences. By the mid 2000s, amusement parks were not investing as heavily in magnificent roller coasters; instead, they were focusing more on family-oriented rides and amenities like air-conditioned restrooms and better food. A 2004 issue of Amusement Business reported that only twelve of the nearly fifty roller coasters across the globe could not be categorized as family oriented rides.

Competition between leading parks is also intense because the amusement park industry has been facing difficult times over the past few years. In August of 2001, theme and amusement park operators were concerned with the drops in attendance in many parks. The terrorist attacks on September 11, 2001 hit the amusement park industry hard, as people became hesitant to travel. In 2002, poor weather conditions caused a slight drop in attendance, and in 2003 concerns about the U.S.-led war with Iraq and the potential for terrorist attacks led to a further decrease in park attendance. According to a 2002 USA Today poll, 10 percent of Americans rated amusement parks and sporting events as the most likely target for a terrorist attack, behind nuclear plants and large city downtowns, yet ahead of airports, national monuments, military installations, and bridges/tunnels.⁴

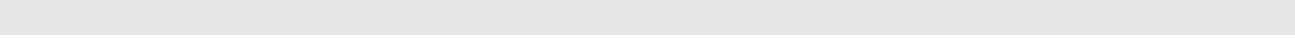
The major competitor of Six Flags, Inc. is the Walt Disney Company. In 2003, Disney's amusement parks had a combined attendance of almost 97 million and revenues of U.S. \$6.4 billion. The most visited park in the world is Disney's Magic Kingdom in Florida, and the second most visited park is Tokyo Disneyland with more than 13.2 million visitors annually. In 2003, Disney operated eight of the world's top ten parks. Six Flags is the second largest theme park operator in the United States.

³ Business & Company Resource Center: History/Chronology Display Page, Six Flags Inc.

⁴ Business & Company Resource Center: Industry Overview Display Page, Amusement Parks (NAICS 713110).

Approximately 44 million people visit the company's 32 North American parks each year, and in 2003 Six Flags had revenues of US \$1.2 billion. More than half of Six Flags sales are attributable to gate receipts, with the remainder coming from merchandise and food. Six-Flags has a competitive edge over its competitors in terms of accessibility; in the mid-2000s, approximately 98 percent of the U.S. population lived within an eight-hour drive of a Six Flags location.⁵

Other key players in the Amusement park industry include Universal Studios Recreation Group (29.2 million visitors in 2003), Anheuser-Busch Theme Parks (20.1 million), Cedar Fair Ltd. (14.6 million), The Tussads Group (14 million), Paramount Parks (13.1 million), Palace Entertainment (12.7 million), Grupo Magico Internacional (10.8 million), and Everland (8.9 million).⁶



⁵ Business & Company Resource Center: Industry Overview Display Page, Amusement Parks (NAICS 713110).

⁶ Business & Company Resource Center: Business Ranking Display Page. "World's Top Amusement/Theme Park Chains, 2004," *Amusement Business Year in Review 2004*.

Strategy:

The marketing strategy of Six Flags, Inc. has been to offer an amusement park that is 'bigger, faster, and closer than Disneyland'; owners wanted individuals to compare the park with Disney so they could see that their park was "not some dinky kiddie park (like Disney's Magic Kingdom)."⁷ In 1990, Six Flags attempted to strengthen its appeal to younger patrons with the help of Bugs Bunny and Friends. In an attempt to keep up with the industry-wide push towards taller, faster, and more thrilling rides, in 1990 Six Flags opened new coasters at six of its seven theme parks. According to a 1991 edition of the trade newsletter *inside track*, Six Flags hosted twelve of the world's most popular roller coasters. In 1992, Six Flags launched "Batman—The Ride," which at the time was categorized by industry experts as the biggest technological breakthrough in over fifteen years.⁸

In 1998, Premier purchased Six Flags Theme Parks for \$1.86 billion, making that the largest acquisition in amusement park history. They claimed that existing problems within the Six Flags corporation occurred as a result of missteps made by previous management, and that the Six Flags corporation had mistakenly focused its advertising on teens when it should have focused on families. They states that mothers were the gatekeepers for seven out of ten of their visitors, and decided to place a stronger emphasis on marketing their parks towards women aged 48 through 49.

In 1999, Premier invested \$200-million in improvements for its 25 domestic parks, and worked hard over the next few years to acquire smaller parks and open a number of 'new' Six Flags theme parks. It acquired Sea World of Ohio and La Ronde of Montreal, Canada, as well as opened parks in Belgium, and Holland.

In spite of all of the new openings and acquisitions, Six Flags passed the \$1-billion revenue mark for the first time in 2000, and managed to eke out a 3.9 percent revenue increase in 2001; however, long-term debt hindered profitability, and the company posted losses for this year.⁹

⁷ Business & Company Resource Center: Industry Overview Display Page, Amusement Parks (NAICS 713110).

⁸ Business & Company Resource Center: History/Chronology Display Page, Six Flags, Inc.

⁹ Business & Company Resource Center: History/Chronology Display Page, Six Flags, Inc

Current Strategic Decision:

As of September 13, 2005, Six Flags announced plans to permanently close the 109-acre AstroWorld theme park in Houston at the end of the 2005 season. According to the Prudential Equity group, this is a sound business decision given the declining attendance trends at the park coupled with the park's desirable location in downtown Houston. Other contributing factors to the company's decision to sell the park include the expiration on its parking lot contract with Harris County Sports & Convention Corp., as well as the need for improvements on rides and facilities in order to increase business. Six Flags, Inc. believes that the sale of this park will yield substantial proceeds because of rising real estate values in Houston, and the theme park's proximity to Reliant Park sports complex, the museum district, Texas Medical Center, and the light-rail station. The company also believes that the closure of AstroWorld will drive incremental visitors to other Six-Flags parks in Texas (Arlington and San Antonio).¹⁰

¹⁰ Business & Company Resource Center: Investment Reports. Prepared by Prudential Equity Group, September 13, 2005.

Resources

Business & Company Resource Center: Industry Overview Display Page, Amusement Parks (NAICS 713110).

Business & Company Resource Center: History/Chronology Display Page, Six Flags, Inc.

Business & Company Resource Center: Business Ranking Display Page. "World's Top Amusement/Theme Park Chains, 2004. *Amusement Business*, December 2004.

Business & Company Resource Center: Investment Reports. "Six Flags." Prepared by Prudential Equity Group, September 13, 2005.