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# The Effects of annual pass holders on the Disneyland Resort infrastructure

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THE EFFECT OF ANNUAL PASS HOLDERS ON THE DISNEYLAND RESORT  
INFRASTRUCTURE

by

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of the requirements for the

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**ABSTRACT**

**The Effects of Annual Pass Holders on the Disneyland Resort Infrastructure**

By

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## PART ONE

*Introduction*

Since the inception of Disneyland, the growing number of loyal guests, expansion of the theme parks and new entertainment elements has drawn and increased park attendance. With that being said, expansions are continuously taking place and thus the price per ticket increases. As the ticket prices continue to increase, numerous amount of guests look at other options such as annual passes as a means of getting the most for their money. As funds for families become more of a concern, the need for local supplemental activities is a key driver. The ever expanding base of Annual Passholders (AP), who is now at the 850,000 mark and still growing, have intensified logistical distress into the resort infrastructure that was designed and built 10 years ago for a different visitor demographic. During the period of 1998-2000, Disney expanded their parking and intra-property transportation based on mid 1990's research when APs numbered fewer than 100,000 and there were no plans to grow that population much beyond that (Lutz, 2009). The question following from the AP attendance concern is how to determine when they will attend the park, thus their visitation patterns. The annual passholders' has affected the Disneyland Resort (Disney) in Anaheim in both positive and negative outcomes. These APs have shifted Disney to use well thought out precedents and new outcomes which might be a source of identifying trends for attendance issues. The outcomes give insight to Disney for use as possible solutions in forecasting more accurately for attendance and infrastructure issues. Through research of available literature with regards to this paper's topic, the reader will determine the answers to the above listed question. Furthermore, the paper will, also, shed some light into recommendations for annual pass criteria as well as get a more thorough look at the structuring of APs rates and pricing tiers.

*Purpose*

This paper will analyze the concerns that annual passholders (AP) attendance brings to the Disneyland Resort. These concerns include but are not limited to: (a) visitation patterns including seasonal patterns, (b) parking congestion, (c) long attraction queue lines, (d) long restaurant wait times, (e) minimal show times, and (f) the economy.

*Problem Statement*

As ticket prices continue to increase, the more annual passes become enticing to new and existing theme park guests. Annual passes allow guests to frequent the theme park as much as they want without having to spend additional revenue. Furthermore, since guests are allowed to frequent the park with minimal restrictions, forecasting their attendance becomes an issue.

*Justification*

Due to the ever increasing base of annual pass holders taking up valuable space and resources, the DLR is depleting the property that is available to them. In slow periods for the DLR, annual pass holders drive attendance to the Parks. However, as attendance increases during low and high periods, the overall revenue in areas such as food and beverage and merchandising stays flat or declines. In addition to the revenue decreasing, annual pass holders have already paid in front for their yearly use of their passes and can frequent the park as much as possible. With that being said, it poses a vicious circle for Disney management in determining the necessary forecasting and action to for optimal guest experience and employee (cast member) alike. By not having a better way to forecast annual pass holder's, Disney will not be able to provide the service they are known for and furthermore lose out all respective revenues from tickets, merchandising, lodging and food operations In addition, it would be of use for Disney

management to have a system or team to analyze the various trends of an annual pass holder along with external factors.

### *Constraints*

One limitation to this paper is the exact number of annual passholders is confidential to The Walt Disney Company. Specific numbers for annual pass holder attendance will hinder some recommendations as they will only be theory to the problem. Secondly, as there are a great amount of demographics that annual pass holders are in, narrowing down solutions to a specific niche or type of guest could pose a problem. In the end, it will be the recommendations that are possible solutions.

### *Glossary*

The following are definitions of the core terminology used throughout this paper.

Annual Pass Holder – a person who purchases a yearly pass to Disneyland Park.

Annual Passes – an annual purchase which allows the holder to frequent the park up to 365 days per year.

Theme Park – An amusement park in which all the settings and attractions have a central theme

DLR – Disneyland Resort

DLP – Disneyland Park

DCA – Disney's California Adventure Park

## PART TWO

*Introduction*

Currently, APs present a problem for the DLR due to factors which include but are not limited to: little or no spending, shorter frequent visits, and increase long wait times (B. Kimbrell, personal communication, January 25, 2010). As annual pass holders continue to grow and gain momentum at the DLR, their visitation patterns must be better forecasted. In order to have a better understanding of the APs visitation patterns, the factors that pose influence is essential.

*Annual Passes*

Currently as seen below in Table 1, DLR offers a total of 4 types of annual passes which have certain limitations and restrictions. Each offer relatively the same benefits, but two of which are only offered to local Southern California residents. Annual passes can be purchased in a one lump sum payment up front or by a monthly payment basis. Only within the last 2 years have DLR implemented a layaway type program for their annual passes. Bruce Kimbrell, 30 year veteran with DLR stated, “Within the past 2 years, DLR has started to offer a monthly payment program which they have never offered in the 30 years” (B. Kimbrell, personal communication, January 25, 2010). This type of payment system can entice even more potential attendees to purchase an annual pass. Before 2008 as according to Kimbrell, if a potential guest wanted to purchase an annual pass, there were required to purchase it in a one payment.

Table 1:

<b>Compare Annual Passports</b>	<b>So. Cal Select*</b>	<b>So. Cal*</b>	<b>Deluxe</b>	<b>Premium</b>
Available Days Admission to both <i>DLP</i> and <i>DCA</i>	170	215	315	365



Annual Pass Holder 8

Go from park to park on the same day	X	X	X	X
Special DLR Hotel rates	X	X	X	X
Special offers at select DTD locations	X	X	X	X
Dining discounts at select locations	X	X	X	X
Annual Passholder exclusive Web site	X	X	X	X
Guided Tour Discounts			X	X
Merchandise discounts at select locations				X
Parking at any pay-on-entry lot				X
Single Payment Option	\$169.00	\$219.00	\$299.00	\$439.00
Monthly Payment Option	\$8.09/month	\$12.25/month	\$18.92/month	\$30.59/month

Source: ([https://securedisneyland.disney.go.com/disneyland/en\\_US/ap/index?name=AnnualPassholderGatewayPage&appRedirect=http://disneyland.disney.go.com/disneyland/en\\_US/ap/gated/landing?name=AnnualPassholderLandingPage](https://securedisneyland.disney.go.com/disneyland/en_US/ap/index?name=AnnualPassholderGatewayPage&appRedirect=http://disneyland.disney.go.com/disneyland/en_US/ap/gated/landing?name=AnnualPassholderLandingPage), 2009).

Disney has restrictions on the frequency of dates that passholders can visit the park depending on their annual pass status. Local Southern California residents with a zip code 90000 – 93599 can choose to purchase the pass as long as they show a valid identification (www.disneyland.com, 2010). By having these 4 different options, it allows the pass holder to have a ‘buffet’ option of annual passes to purchase. The annual passholder is more in control as they see the passes are of better value overall and can purchase the ones of their choice (www.miceage.micechat.com, 2010). With that being said, with the exception of the Southern California resident offers, currently there is no way to forecast or track which pass an individual might purchase (R. Deuel, personal communication, February 1, 2010). For example, if 75% of potential guests purchase the ‘premium’ type pass; they will have full access to the DLR 365 days a year. Although there are systems in place to review what annual passes are being purchased, there is no current system to track which pass a potential and a renewal customer will purchase. In addition, park admission

prices have not increased, and have even fallen, such being the case with season/annual passes. Many parks now offer these passes for as little as 1 1/2 to two times the single day admission; it seems that other competitors along with Disney bank on these guests spending money inside the parks. According to Angela Wright, managing director of the Crealy Adventure Parks in Exeter and Devon, England says this often isn't the case. "It's a fallacy to think season passes necessarily increase per caps," she says, "because those guests often come for a short period of time and just add to congestion, but don't spend as much" (Miller, 2005).

For example, 2009 Thanksgiving week showed how flawlessly the huge numbers of APs caused a big congestion to the DLR. The Sunday through Wednesday before Thanksgiving, none of the cheaper Annual Passes such as the Southern California Pass, which make up the bulk of the 925,000, were blocked out. Disneyland forecasted attendance numbers of 60,000 attendees and above, however AP's consisting of 35,000 attendees or more (Lutz, 2009). However, the day before Thanksgiving the Parks had an attendance estimate of 61,000 and by the end of the day around 64,000 had shown up (Lutz, 2009). Of the approximate 40,000 attendees who were APs, all arrived in their own cars, which brought the Resort infrastructure to the brim. Typically after Thanksgiving all but the Premium Annual Passes were blocked out, and the daily attendance figures dropped. In addition, Thanksgiving, which has traditionally been one of the busiest days of the year for the DLR, barely saw 47,000 people through the gates which is average for daily attendance (Lutz, 2009). By Saturday of Thanksgiving weekend, the attendance at the DLR had fell to 38,000 attendees, which ultimately was one of the slowest Saturdays of the entire year.

*Types of Visitors*

In order to establish a way to forecast APs attendance, it would be of use to research the type of attendees who are attending theme parks in the recent years. Theme parks are designed, created and marketed to kids and teens. Kids and teens are drawn to the entertainment features and new ride theme parks (“Theme Parks –US”, 2003). The theme parks serve a variety of purposes, due to the range of the parks themselves such as local parks or resort parks provide a variety of needs for individual households. Parks provide family entertainment in which the parents are involved and which may comprise the focus of a family vacation. In addition, local parks are often hit for an annual event for the family each year, and as “unaccompanied” entertainment for older kids and teens, parents can drop them off and feel reassured that their kids will be entertained in a safe environment.

When looking at the theme park market it is necessary to look at the current and projected population of Americans under the age of 18 to consider future success for the theme parks, and to find out who are coming to the Parks. The U.S. Census Bureau show signs that a minor decline in the number of households with children between 2000 and 2010 which is 2.8% were prevalent. A greater increase in the number of households without children was seen at 18.5%. All this is found to be largely in part to the “echo boom” generation (ages 9-26) continuing to grow out of their childhood years (“Theme Parks –US”, 2003). This seems to loom on the surface as being an issue with these certain percentages, but the U.S. Census expects an increase in ages under 18 between the years 2000 – 2010.

Disney has a unique marketing strategy; it targets only one target market, families. However within the family unit there is the one year old daughter to the 99 year old great grandfather. The niche for the target market can be even further dissected from infants, kids,

parents and grandparents. Disney extends their target market beyond age; it also looks at segmenting income with regards to each family unit. Disney targets families with various incomes, from lower income to high income. Disney accomplishes this by providing its consumers with different business units, in this case annual pass options, which tailor to each specific target market within the overall market of families. In addition, Disney creates a new strategic business unit if it feels that it is not currently catering to a specific group. While most people picture Disney Resorts as a vacation destination for families with young children, Disney's upper management picture their resorts differently as appealing to the overall mass to increase potential and existing revenue (R. Deuel, personal communication, February 1, 2010).

While the majority of the DLR attendees may start visiting the parks because of their small children, eventually those children grow up and repeat the cycle all over again. For instance, DLR was opened in the mid 1950's and has been at the top of the worldwide attendance list for amusement parks almost every year since then (Disney, 2007). Each generation of Disney guests and attendees, who had visited the park as children, is now in the position to be taking their very own children to the Parks. As first generation Disney guests are growing up and having their own children visit the parks, Disney has put a new emphasis on keeping those families coming back with consistent renovations, upgrades and new attractions.

#### *Attendance*

Theme park revenues were on a steady upward trend through 2000, rising 3-5% each year. The increase in revenue is not entirely attributed to an increase in visitors because as the economy in the 1990s sky rocketed and consumers had more supplemental income to spend, park prices shifted up incrementally. Support is indicated when comparing revenues to attendance for the same time period, which is shown below ("Theme Parks – US, 2003).

*Total U.S. attendance at theme parks, 1997-2002*

	Million visits	% change
1997	300	-
1998	300	-
1999	309	3.0
2000	317	2.6
2001	319	0.6
2002	324	1.6

Source: (Mintel Oxygen Report, 2003)

As these amounts of visits have increased year over year, it creates other concerns for theme parks, in this case Disney. It has been estimated that about 75% of visitors' attendance is likely to be from residents that live within a 150 mile radius (Martin & Woodside, 2008).

According to a recent IAAPA survey, almost half of Americans preferred a non-summer season as their favorite time for visiting an amusement park or a theme park. 46% of attendees typically visit these facilities during the summer, 21% prefer the spring and 18% prefer the fall season. The trend can also be seen in 'off season' periods with special events such as: Halloween and Christmas (www.iaapa.org, 2010).

According to Bob Rogers, founder and chairman of BRC Imagination Arts in Burbank, California, a company that designs and creates immersive experience-based attractions explains why the annual passholder does not spend when they frequent the park. "The first time guests come, they buy souvenirs, and the more they come, the more they've bought, so they buy less and less. So why are parks pushing annual passes? They don't drive top notch revenue, yet they put just as much wear and tear on equipment and trash on the ground as all the other attendees frequenting the parks. It might be a mistake to so avidly pursue attendance. The prize they (theme parks) should really keep their eye on is profitability" (Miller, 2005). Ultimately attendance will be resulting whether the visitor sees perceived value for their money versus other

activities. Admission to the Disneyland Resort in Anaheim recently jumped past the \$97.00 mark. By 2010, more than 182 million park-goers are expected to hit que-lines, up from today's 161 million. To battle the long lines, parks will have to look into every niche which includes but are not limited to: ethnicity, age, economics and religious preferences (“Booming amusement parks”, 1998).

### *Parking*

The Mickey & Friends parking structure at the Disneyland Resort in Anaheim, California is the largest in North America. It was built to handle 10,000 cars that at the time it was built was thought to have an average of nearly 4 passengers per vehicle. However, in 2009 the passengers per vehicle average fell to less than 2 passengers per vehicle. The concern for Disney's infrastructure is when tens of thousands of annual passholders come at once to the resort. In addition they often drive alone or with just one other person, with plans to meet up with friends once they get in the park (Lutz, 2009). Furthermore, instead of arriving in the morning, being directed to a specific section and row in the parking lot and then leaving the car there for most of the day, as for the most part all visitors did from the 1950's to the 1990's, APs now are driving in alone or with a friend just to spend two or three hours in the park before they head home (Lutz, 2009). Disney cast members have no choice to play a resort-wide game just like a puzzle where they must purposely close the Mickey & Friends Structure for most of the afternoon, even though there are still thousands of open spaces on multiple empty levels. Management does this in order to urge afternoon arrivals into the traditional surface lots throughout the Resort and borrowed space at local venues in the area such as Garden Walk and the Anaheim Convention Center. This allows management to reopen the Mickey & Friends structure in the early evening and have a few thousand spaces for arriving passholders, even though those still aren't enough

and all of their parking options are exhausted out by mid evening (B. Kimbrell, personal communication, November 10, 2009). Furthermore, Disney employees or cast members have been affected by APs as well, by sending them to surface lots in the outskirts of the Resort and areas to try and free up a few hundred extra spaces for passholders along with attendees. The end result is that the extensive DLR parking operation which seemed so ample as planned almost 15 years ago, is now continually short of spaces and behind the curve when it comes to shuffling cars around into the few remaining empty spots (Lutz, 2009).

#### *Attraction Cue*

With new attractions such as World of Color to be beginning at Disney's California Adventure in late 2010, plans to build extensive viewing areas have already been in the works. This is due in part to the abundance of APs who thrive on new attractions and shows. Mary Niven, Vice President of Disney's California Adventure (DCA), is fully aware of the concern for APs wanting to view these new attractions. For instance, the new amphitheater for the World of Color viewing area is being built for 9,000 people and DCA executives are realizing it's going to take almost a hundred performances before each annual passholder can see the show just once (Lutz, 2009). In addition to new attractions such as World of Color, in 2009 Toy Story Mania was opened to Disneyland Annual Pass Holders, who got a special treat when the "Toy Story Mania!" attraction was opened for an invitation-only sneak preview (Hesson, 2010).

To control the long wait times which originate from both the ticket purchaser and annual passholder, Disney implemented their FASTPASS system. FASTPASS started in 1999 for moderating the wait at several popular attractions such as Indiana Jones and Space Mountain. Attractions operating with FASTPASS will have a regular waiting line, and FASTPASS lane. If the regular line is too long, visitors can reserve their 'ride time' by placing their park ticket into

the FASTPASS machine and receive an appointment time which allows a holder to return later in the same day and join the FASTPASS lane and ride (Onn, 2009). Although Disney uses their FASTPASS system to reduce crowds and wait times, it often creates crowds in itself. In order to minimize the number of people waiting in line and thus reduce a person's wait time, one of the best methods is to limit the number of people allowed in the time slot with reference to departure time. Simply put, eliminate the unpredictability of the guests coming and going. Disney implements a simple and common model for this type of line arrangement called the **D/D/1** model. This model presumes arrivals and departures help establish a calculated channel of service and departure. The concept of accurately determining the arrivals is the basic principal of the FASTPASS and other crowd control strategies applied by most of the other theme park competitors. Besides theme park crowd control, determining a guest's arrival is also common in the way that traffic is controlled with a traffic light system (Onn, 2009). One of the biggest factors in the price increases is the addition of new attractions. The nature of theme parks is that you have to add new attractions. Disney sets this model for itself after the founder, Walt Disney said, "It's something that will never be finished. Something that I can keep developing...and adding to." This creates a level of expectation that is unattainable and cannot necessarily be measured over the horizon. The factors contributing to price increases vary greatly depending on the size and locations of such parks. However, most theme parks such as Disney agree that in addition to new attractions, the major elements include but are not limited to the rising cost of: labor, utilities, taxes and insurance (Miller, 2005).

### *Special Incentives*

Special incentives have sparked a worldwide campaign which has triggered since 2005. In what Corporate Disney Executives are calling an extraordinary global celebration, the



company in 2005 began a worldwide advertising campaign, going way beyond the traditional model of national and regional marketing because of their parks around the world. Millions of people around the world have been informed of the “Happiest Celebration on Earth,” an 18-month extravaganza that officially began 2007. The celebration honored the 1955 opening of Disneyland, which the event was about the “the birth of the theme park.” The event celebrated at every Disney destination, including the company’s ten theme parks and other non theme parks business units such as the Disney Cruise Line ships. The campaign was designed to get across how the celebration will provide a once in a lifetime opportunity to join in the magic at any Disney resort around the world (O’Brien, 2005). Disney extended its "Year of a Million Dreams" program through 2008, after granting wishes large and small to a million park visitors since the giveaways began in the fall of 2006. Cast members at Disneyland in Anaheim, California, and Walt Disney World near Orlando, Florida, randomly choose lucky winners from among visitors (“Disney extends”, 2007). Furthermore, in 2009, Disney unveiled their new campaign which allowed a person to get into one of the Disney theme parks on their birthday for free. Once the person was given their free ticket, they were allowed to pay the difference to upgrade to an annual pass. For example, the free birthday ticket was valued at \$62.00 (USD) and the annual pass the guest wanted to purchase was \$171.00 (USD), the amount owed would only be \$109.00 (USD). As potential and existing guests have these types of promotional campaigns, it entices guests to attend the parks, thus drawing a larger attendance and crowds to the parks. (Martin, Woodside, 227).

### *Conclusion*

In conclusion, based upon the information provided above, there are a lot of factors that attribute in determining when annual pass holders will visit the DLR. Consistent AP holders

have become aware of what types of APs are available year-after-year, only bracing themselves for an increase in price. As APs purchase a onetime fee for their pass, it provides immediate monetary gratification, but it does not necessarily bring substantial revenue or assist in determining when they will attend the Parks. In addition, all facets of the theme parks are impacted for optimal guest experience and employee coverage. There is a fine line in the need to increase revenue and drive attendance. Ultimately, Disney can focus on one niche at a time in order to narrow down their consumer buying and attending habits, but the customer's choices and perceived value is ever changing.

## PART THREE

### *Introduction*

In the following section this paper will discuss the results and possible solutions for the annual pass holder problem which affects the entire infrastructure of the DLR. Part one and two discussed how the APs, with the current systems in place by the DLR, can take over the Resort due to a variety of customer valued perceived reasons. Although a definitive solution will not be able to be found, the following recommendations can assist in alleviating further affects to the DLR infrastructure.

### *Results*

The results of this study show that the factors that attribute to APs causing overcrowdings in the Parks are what they see as perceived value. Perceived value can affect a customer's action to purchase a product or service instead of another. The definition consists of a whether or not if they product or service has value to the consumer. However, in determining the perceived value from the consumer and might not have to do with a product's price, but rather depends on the item that is being sold has the ability to satisfy the consumer's needs (<http://www.businessdictionary.com/definition/perceived-value.html>, 2010). Each AP will see value in a different mind-set from another. For example, the family unit will look at purchasing a cheaper annual pass that allows them to frequent the parks on the weekends. Subsequently, a full-time college student who has more flexibility in their schedule might choose an annual pass which is blocked out during the weekends and only valid during the mid-week. Price is not necessarily an issue to some, but is the main factor in making a purchase decision for others. With all that being said, it is truly difficult to determine when the annual pass holder will attend the park and why. Disney's best action is to offer special annual passes and incentives which will drive APs as Disney can better track those moves.

When Disney offers their special incentives, it draws in a massive amount of guests but doesn't help profits, stated the Walt Disney Company in its second quarter earnings statement (Baran, 2009). "We made a conscious decision to put in place promotions that would drive attendance," Disney President and CEO Bob Iger stated in a recent shareholders conference. In addition, DLR's strategy has had a predictable impact on profits, but it also had the intentions of bringing more people to the DLR. Attendance at Disneyland in Southern California was up 2%, Disney CFO Tom Staggs said during the shareholders conference. However, overall per market niche spending at the DLR and including Walt Disney World came in 6% lower than the second quarter of last year. Although attendance increases in the Parks, revenue does not come along with the amount of crowds. However, expenses are the same if not more for the Parks due to staffing and other necessary expenses such as electricity and perishables.

### *Recommendations*

The results and problems are not something that is necessarily 'new' to Disney and other theme parks for that matter. These recommendations serve as possible solutions to improve the ever existing problems that the APs cause at the DLR. One recommendation provides a look at the long ride queues which are bombarded with both day guests and annual pass holders. There are a variety of ways to reduce effectively, however, some more plausible than others. The following suggest ideas including but not limited to increasing hourly capacity. This is the first and most doable option, though probably not the most cost effective. For example, a popular attraction such as Space Mountain, Disney estimates somewhere around 1,600 riders per hour (Wiess, 2010). Increasing the number of riders could mean anything from extra vehicles to a quicker experience. Effectively communicating attractions with shorter waits on a continual basis

can keep queue and attraction lines from piling up and the guest is also informed. Disney keeps a schedule board, showing current times to wait in line for major attractions typically in a central location. By adding more boards throughout the park, could result in a more efficient wait time difference. Similarly, productively announcing or marketing off-peak times to the annual pass holders and consumers could also prove useful. When Disney was established, it used a 'ride coupon' for guests. The idea was inspired by annual fairs which did the same thing. The expression, e-ticket was used and is now only a name for the busier attractions first came about. Instead of today's annual pass, previous consumers purchased coupon books with ride tickets which had an A through E ticket (Wiess, 2010). Again, the goal was to strategically move the demand for certain attractions and encourage guests to experience other rides and shows. However, most customers have a tendency to like the perceived value of a inclusive priced pass (Wiess, 2010). Many guests can choose to leave long wait time rides and go for a parade or show instead. While this is an idea that would affect the ability to accommodate such guests, it may not be possible for all types of attractions.

Having guests look at special incentives which Disney partners with other companies can serve beneficial for DLR to minimize annual pass holders all at once to enter the parks. Currently, Costco sells a package deal for \$159.99 which allows a consumer who is local use a park-hopper pass in one day or spread it out over four days. The passes have to be used by the same person each time (Tully, 2009). In addition, local consumers are eligible to buy special annual passes for \$144 to \$194; however, those particular passes have numerous blackout dates. With the more inexpensive park pass, the entire summer is majority out of the question. For example, if a family member came into town for holiday weekend, a person would still have to spend an additional \$72, which is the price of a single day ticket to go inside DLP. The only

blackout dates for the Costco package deal are only December 25<sup>th</sup> through January 1<sup>st</sup> and March 26<sup>th</sup> through April 4<sup>th</sup>. These are considered “peak” times for the DLR due to the holiday season and spring break.

Disney does use discounts for multiple day tickets to encourage customers to stay longer. Furthermore, during slower periods Disney often encourages discount coupons to temporarily entice existing and potential consumers. However, these tactics do not take into consideration the possibility of adding even more different pricing strategies to accommodate a wider base of customers' demands, such as maximum pricing during peak seasons. In establishing different prices for each season which consist of day, week, month or year will implementing variable admission price policies based on customers' preferences allows Disney to charge appropriate prices that are based upon demand discrepancy that make the most of revenue (Heo & Lee, 2009).

Table 4 summarizes recommended applications for leadership for the best outcome in revenue management and its applications. Carefully applied, revenue management should include thought of not only making more revenue, but also increasing satisfaction for the customer since their value is ultimately the cornerstone to a theme park or Disney's long term success. Consumers' disappointment ratings have a significant correlation to areas such as long waiting times; thus keeping the high capacity level of attendance in the parks becomes a critical chore for Disney. To achieve this realistic goal, the idea is that Disney limits the number of attendees during those high demand seasons. By carrying out this act it will allow Disney to increase its operational effectiveness with shorter waiting times and ultimately mitigating congestion. In addition, the action will help Disney reduce not using facilities and attractions in excess, and therefore, decreasing repair costs along with possibly extending deviation between

renovations and needed improvements (Heo & Lee, 2009).

Suggested practice for successful RM application in the theme park industry.

	Current practice	Suggested practice
Capacity control	<ul style="list-style-type: none"> <li>- Queue management in parks</li> <li>- No capacity limit</li> </ul>	<ul style="list-style-type: none"> <li>- Control demand with variable price</li> <li>- Limit number of attendees during high-demand seasons and/or times</li> </ul>
Pricing policy	<ul style="list-style-type: none"> <li>- Flat admission rate all though the year</li> <li>- Discount for specific target</li> <li>- Seasonal pricing promotion</li> </ul>	<ul style="list-style-type: none"> <li>- Time-based pricing policy (pre-fixed)</li> <li>- Demand-based dynamic pricing strategy (variable)</li> </ul>
Reservation system	<ul style="list-style-type: none"> <li>- Presale of admission tickets through online resources</li> </ul>	<ul style="list-style-type: none"> <li>- Operate online reservation system connected with revenue management system</li> </ul>

Source: (Heo & Lee, 2009)

The variation of seasons and its demands is one of the major problems that tourism and the entertainment industry have to face (Jang, 2004). What causes the different demands during seasons have to do with natural and society constraints. Natural demands start from regular changes in the weather and society causes are related to several activities such as vacations. There are two basic elements that cause different demands. The main cause, seasonal demand, depends on social factors concerning including but not limited to: specific customers, state and federal holidays, school schedules and other events such as city-wide conventions (“Theme Parks”, 2007).

For example, those who choose to attend theme parks choose weekends rather than weekdays, and visitors usually get there early in the morning. For revenue management to be applied and take effect, it will rely on a fairly correct demand forecast. Although consumers needs’ for theme park amusement varies, a customers’ demand for theme parks is expected based on the two areas such as natural and society values. In addition theme parks such as Disney can use previous attendance records to the parks for a better forecast low and high demand seasons precisely and effectively (Heo & Lee, 2009).

Having consumers pay at the higher prices to the time conscious target market, price conscious customers may take advantage of a reservation earlier. The amount of guests that will be allowed will help theme parks reach not only full operation but increase profits. The price conscious customers may pay a lower price, whereas customers who are willing to pay a higher price will subjective to the later (Jang, 2004). In addition, with limited product available to the customer, they tend to distinguish a higher value for the lower commodity product or service. Therefore, attendees' who are willing to pay a premium price goes up. A theme park is able to increase when the attendees will frequent the park and why they will come based upon practicing RM strategies (Heo & Lee, 2009).

### *Conclusions*

In conclusion, there is not a clear cut business model that will predict the annual pass holder's every move and motive. However, consistently deploying revised and updated strategies for business sectors such as parking and queue lines will provide the best solutions to stay ahead of the curve of the annual pass holder. The key to success for parks is attracting families and repeat visitors. A family of four spends about 25% more than a group of four teenagers, according to International Theme Park Services. Generally, theme parks depend on repeat visitors for about 30% to 50% of their business ("Theme Parks", 2007). Disney would find it beneficial to study the customer's value and where they are coming from, which they currently do by surveying entering guests in the theme parks. Finding out what really matters to them, would provide useful insight, strategies and offers can be organized as a result. In addition, the implementation of revenue management for the annual pass sector would better yield management results. Disney does need the annual pass holder to keep the parks alive. However,



having the best forecast for their attendance and needs will increase efforts to operate the parks more efficiently and keep the visitors coming back.

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