

# teaching note

---

## Case Summary

The Merlin Corporation, through its subsidiary Legoland theme park intends to reenergize the old Cypress Gardens into one of Florida's most visited attraction for the 2-12 age group segments. Their solid financial backing allows them to weather some of the problems experienced by previous owners. Their decision to enter the highly competitive mature theme park market of Central Florida shows the confidence they have in a strategic business plan which has provided them with previous success. Their success would vindicate the mission and vision of Cypress Gardens original founder, Dick Pope, to build a beautiful attraction based on the flora of Florida in Winter Haven. The academic fraternity can learn much from this case study, since it enables many theoretical concepts to be discussed under a real life scenario.

## Summary of the case

This case takes a historical view of the theme park industry in Florida, by tracing the genesis and eventual demise of Florida's first theme park and the birth and optimism of Florida's newest theme park, coincidentally on the same real estate where the theme park industry in Florida started. This case gives readers a good insight into the theme park product life cycle, using the case of Cypress Gardens and the strategic management decision making of the second largest theme park corporation in the world, Merlin Corporation to undertake substantial foreign direct investment in the most competitive theme park markets in the world, Central Florida. The literature also exposes the volatility of the theme park industry by providing examples of how unforeseen events like hurricanes and external geopolitical terroristic acts can impact visitor numbers and lead to financial problems for parks lacking solid financial backing.

## Teaching Objectives

The case offers appropriate teaching material for upper level undergraduates and graduate students with good conceptual understandings of tourism and theme park marketing, entrepreneurial studies, strategic planning and management decision making.

The objectives are:

- To provide a historical perspective on the development of the theme park industry in Florida.
- To show the importance of vision, passion and personality in the entrepreneurial spirit of Dick Pope, and it's influence on the business success of Cypress Gardens
- To provide a suitable, real life example of the product life cycle concept, espoused in marketing and tourism management textbooks, using an example of a theme park.

- To investigate strategic management decision making by Merlin Corporation, in the decision to buy Cypress Gardens given the problems associated with previous owners and operating in the competitive theme park environment of Central Florida.
- To emphasize the volatility of the tourism industry to external factors like acts of God and the threat of terrorist events, which theme park businesses have no control over, but must take into consideration when conducting business.
- To highlight the strength and confidence of Legoland's business plan of focusing on established customer loyalty in the niche market of 2-12 year old children.
- To expose the importance of having substantial financial support (i.e. "deep pockets") in an industry where there is heavy reliance on huge capital outlay and sunk costs.

The case should be used as a teaching tool supporting the following marketing, management and tourism related concepts covered in textbooks:

Marketing concepts:

- Product lifecycle
- Niche marketing
- The volatility of marketing services
- Operating under mature market conditions
- Branding

Management concepts:

- Strategic decision making
- Foreign direct investments
- Planning for unforeseen circumstances
- Entrepreneurship
- SWOT analysis

Tourism and Theme Park Management

- Theme park business environments
- Tourism product development
- Theme park product lifecycle
- Tourism market volatility

Once an understanding of these concepts have been covered, instructors can use this case as a group assignment, with presentation assessments where students are charged with the responsibility of showing how this case study mirrors concepts taught in the classroom. Another approach is for instructors to use the case as a teaching tool, where students read the case and answer probing questions such as those below.

- Identify the risks and benefits to Merlin Corporation strategic decision to build the largest Legoland on the location of the old Cypress Gardens?
- Discuss the main reasons responsible for the demise of Cypress

Gardens?

- Develop a SWOT analysis for Legoland.
- Discuss Legoland's target market? Why is Merlin Corporation confident they can overcome the problems experienced by the previous Cypress Gardens management?

### ***Student Questions Associated with this Case***

*Question. How is Legoland planning to achieve success in the vigorously competitive Central Florida market given the previous failure of Cypress Gardens?*

Answer. The marketing dilemma for Legoland already exists; with several other amusement parks already in the area, such as Walt Disney World and Universal Studios, Legoland already has competition for customers. Legoland, however, looks to target a somewhat younger crowd (ages 2-12) than the other parks. While there will be plenty of crossover Legoland is banking on brand loyalty to keep customers true to them.

*Question. How does Legoland protect its investment from unforeseen events like hurricanes which were mainly responsible for sending Cypress Gardens Adventure Land into bankruptcy?*

Answer. We must remember that The Merlin Entertainment Group that owns Legoland is the second largest theme park operator in the world. It comes to this market with tremendous financial support. As such it has "deep pockets". Because of its' global focus and strategy, issues in one part of the world would be offset by successes in another part. This Global focus makes them less susceptible to one off events and natural disasters.

*Question. What Corporate Strategy objectives were achieved by the decision to commit substantial Foreign Direct Investment into the theme park environment in Florida?*

Answer. Florida is the Theme Park Capital of the world, with an estimated 86.5 million people visiting Florida in 2011 (visitflorida.com). Central Florida is attracting the bulk of visitors to experience the major parks like the Walt Disney World Resort, Universal Studios and Islands of Adventure, SeaWorld and Busch Gardens. Merlin is the second largest attractions operator in the world. Although Merlin had properties in the United States, there was no presence in Central Florida. Opening Legoland Florida was a good corporate strategy, given that their target market was already coming to the area and experiencing similar products. Merlin felt that the strength of their brand identity and model of targeting a specific segment would ultimately generate success in this geographic location.

*Question. Discuss how the marketing concept of product lifecycle compares to the experiences of Cypress Gardens outlined above.*

Answer. At the origin stage Dick Pope was a man with a vision and passion for the development of Cypress Gardens, he also had sufficient capital to get the project done in the face of continued skepticism from the media. Although the project was risky, there was little competition from anywhere else in Central Florida which allowed the popularity of Cypress Gardens to grow because of the novelty factor. During the early growth stage, Cypress Gardens became the poster child for the entire state of Florida, and had the patriotic support from soldiers during World War II. The interest of Hollywood movies stars and directors was the catalyst for the park popularity during the rapid growth stage. The introduction of competition particularly from the opening of Walt Disney World signaled the maturity stage, where guest attendance was stagnant. The decline stage was characterized by the retirement of the founder Dick Pope. Sr. and the subsequent decision to close and sell Cypress Gardens by his predecessor Dick Pope. Jr.

*Question. Why were attempts to rejuvenate the park not successful before the arrival of Legoland?*

Answer The reason why attempts at rejuvenation of the park were met with limited success was:

Most of the subsequent owners of Cypress Gardens did not have sufficient capital backing to survive unforeseen events like hurricanes and impacts related to terrorist activity.

The previous business model involved investment in new rides and creation of a water park which was in direct competition with the larger parks in Orlando.

In recent decades most major theme park operators moved away from the types of entertainment elements which made Cypress Gardens unique to the public, that is, the exotic gardens, the world famous ski show and the southern hospitality of the Southern Belles. This has caused a shift in consumer behavior and public views of such forms of entertainment

### **References**

- Amusement Parks Market Research Report. NAICS 71311 (2012, July 15). Retrieved September 19 2012 from <http://www.ibisworld.com/industry/default.aspx?indid=1646>
- Braun, B.M. & Millman, A. (1994). Demand relations in Central Florida theme park industry. *Annals of Tourism Research*, 21. (150-153).
- Braun, B.M. & Soskin, M. (1999). Competitive strategies in Central Florida theme park industry. *Annals of Tourism Research*, 26. (438-442).
- Braun, B.M. & Soskin, M. (2007). Theme park pricing in a new century: the Central Florida market revisited. Retrieved from: [http://web.bus.ucf.edu/events/2007/10/documents/ss\\_10-5-07.pdf](http://web.bus.ucf.edu/events/2007/10/documents/ss_10-5-07.pdf)
- Crate, P. (2009, September 23). A timeline: Cypress Gardens has long history. Retrieved June 15 2012 from <http://www.newschief.com>

- Figment1996. (2010, January 1). Cypress Gardens history and future? Retrieved June 20, 2012, from <http://www.floridathrills.net>
- Imagine2010. (2010, January 21). Legoland Florida, Coming In 2011: Can Legoland Keep Up With Disney and Universal? Retrieved June 20, 2012, from <http://www.sodahead.com>
- Milman, A. (2001). The future of the theme park as leisure activity for local communities. *Journal of Travel Research*, 40, 139-147.
- Pollard, G. (2008, November 19). Twenty one ways to save Cypress Gardens. Retrieved June 18, 2012 from <http://www.brandlandusa.com>
- Tooman, L.A. (1997). Applications of the life-cycle model in tourism. *Annals of Tourism Research*, 24, 214-234.
- Visitflorida annual report. (2010 -2011) Tourism fast facts. Retrieved June 20, from [http://www.visitflorida.org/AM/Template.cfm?Section=Tourism\\_Fast\\_Facts&Template=/CM/HTMLDisplay.cfm&ContentID=14656](http://www.visitflorida.org/AM/Template.cfm?Section=Tourism_Fast_Facts&Template=/CM/HTMLDisplay.cfm&ContentID=14656)
- Weis, W. (2011, October 21). Cypress Gardens before and after legoland. Retrieved June 19, 2012, from <http://www.yesterdaylnad.com>