

The Hotel Waterpark Resort: A Dynamic New Application of Aquatics

By Bill Haralson and Jeff Coy

In 1989, Stan Anderson and his three partners built the Polynesian Resort in the Wisconsin Dells. As they soon learned, the competition for the lodging market in the Dells was fierce and the tourist season was short. By 1994, Stan and his partners were looking for a way to increase their property's occupancy rate. The solution: they developed an indoor water park – the first in the Dells but certainly not the last.

What is an indoor water park? Certainly not like its outdoor cousin that can cover 15 or 20 acres. No, the indoor water park is much smaller, much more compact, with net building area (exclusive of filters, pumps and storage) of 10 to 50 thousand square feet. The typical mix of entertainment components are at least one water slide, one or more pools, including a “lazy river”, a children's play area and one or more spas. As contrasted to the outdoor water park, which has extensive layout areas, most indoor water parks devote no more than 30 percent of their “foot print” to passive space. Vertical space is also important. Some indoor water parks have a ceiling height of 40 to 50 feet in order to accommodate water slides.

The idea of combining an indoor water park with lodging was certainly not new, even in 1994. Resorts in Europe had been doing that for years, as witnessed by the numerous Centre Park properties, which are found throughout northern Europe. But the idea was slow to catch on in the U. S. where leisure aquatic activities were thought to be outdoor, summer activities. But the Anderson group, and others after them, proved this idea wrong.

At last count, there are 18 properties in the Wisconsin Dells and more than 40 in the upper Midwest that offer indoor water parks. Most of these are in Wisconsin, but the concept is spreading to adjacent states. Chances are, this concept will continue to spread, as lodge owners realize its merit.

So, what are the merits of the water park resort? First, the water park resort is designed to appeal to a specific market niche: families with pre-teen children. The more successful water park resorts have targeted not just the children but the parents as well. The experience of the various properties has revealed that those water parks that can accommodate adults as well as children produce better results for their lodging facilities.

A second factor is safety. These parks have only shallow water and still are generally well-guarded. Moreover, a very important factor is the physical connection between the water park and the rest of the property. This connection permits the free flow of traffic between the water park and the rest of the property without the need to go outdoors. Thus, parents can remain in their room, the restaurant/bar or elsewhere without worry that their children will be kidnapped, hit by a car or befall some other type of misfortune.

Families with pre-teen children view the water park resort as an opportunity for a getaway experience. A few years ago, consultant Bill Haralson journeyed to the Dells to

see what all the fuss was about with these water park resorts. I had made arrangements to meet with Jack Waterman, then the co-proprietor of what was then called the Black Wolf Lodge, where I had a room reservation. This was on a Thursday in January. Upon check-in, I was greeted by the desk clerk, who told me they had “saved” my room for me. At dinner, I asked Jack what that meant, having my room saved. He explained that the common pattern was for families to show up on Thursday afternoon or evening for a long week end stay. He stated that this pattern is repeated every weekend throughout the school year. During the summer, occupancy patterns remain high throughout the week. Discussions with other property owners who have indoor water parks have revealed a similar pattern — even beyond the Dells. In a recent visit to the Holiday Inn & Suites in Owatonna, Minnesota, which has an indoor water park, the same pattern was observed. I was there on Thursday. On balance, the indoor water park can add 20 to 25 percentage points to a property’s occupancy rate, compared to comparable properties without indoor water parks.

Even more significant to the operations of a water park resort is its impact on room rates. Most water park resorts are not open to the public; opting instead to make their water parks available to their guests on an exclusive basis. Moreover, guest usage of the water park is “free” in the sense that no admission is charged. However, the water park “premium” is added to the room rate, and this premium can add a significant increment to the cost of a room, on average, at least \$20.00 or more per person. The amount of the premium depends on what the market will bear, so that throughout the year, there can be wide swings in the cost of a room.

The question to be asked is whether the indoor water park is an opportunity for every lodging establishment. Of course, there is no easy answer. An existing property considering such a move should ask how the addition of an indoor water park can improve its bottom line. How would an indoor water park impact the business of, say, a conference hotel or a casino hotel? There could be conflicts. On the other hand, how would one impact a property that caters to the business traveler during the week but has little or no business on weekends? That could be an opportunity.

For any hotelier that is considering the addition of an indoor water park, they should be aware that there is a right way and a wrong way to design and build this type of facility. The keys are to build to the right scale relative to room inventory, and to select the right mix of attractions to provide optimum appeal to the family with pre-teen children.

If a water park resort has the right market and the right scale and mix of development, it stands a good chance of experiencing the kind of success that the Polynesian Resort and other properties in the Dells have experienced.

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