

# Waterpark Hotels Achieved 26 Points Higher Occupancy Than Regular Hotels in 2001

## *Wisconsin Dells Becoming a Land of Haves and Have-Nots*

By Jeff Coy and Bill Haralson

April 12, 2002 --- Hotels WITH indoor waterparks performed at 26.9 points of occupancy higher than hotels WITHOUT indoor waterparks at Wisconsin Dells in 2001, according to a joint report issued today by JLC Hospitality Consulting Inc of Rochester MN and William L. Haralson & Associates Inc of Richardson TX.

The report also states that hotels with indoor waterparks captured \$69 higher average room rates than hotels without indoor waterparks. Hospitality consultant Jeff Coy and leisure industries consultant Bill Haralson teamed up to build a database on a new segment within the hotel industry and a new segment within the waterpark industry, which until recently has consisted of outdoor waterparks and attractions.

During the 1990s, waterparks came indoors. Eighteen hotels in Wisconsin Dells now have indoor waterparks. The Dells market is a great market to study because indoor waterparks were born here. A large number of hotels both with and without indoor waterparks exist within the same market, which makes for great comparisons and projections to other markets in the Upper Midwest.

In 2001, Wisconsin Dells hotels achieved 54.8% occupancy at \$92.14 average room rate, down from 55.0% and \$95.52 in 2000. The slight drop of 0.2 points and 38 cents indicates that the Wisconsin Dells continues to perform well despite the soft national economy and terrorist attacks in 2001. Hotels with indoor waterparks ran high occupancies Thursday through Sunday all winter long with families driving over 200 miles from Chicago, Milwaukee and Minneapolis-St Paul.

<b>WISCONSIN DELLS HOTELS PERFORMANCE 2001</b>						
<i>WISCONSIN DELLS HOTELS</i>	<i>#</i>	<i>Rooms Supply</i>	<i>Occupancy %</i>	<i>Average Room Rate</i>	<i>Rev PAR</i>	<i>Room Revenue</i>
ALL	62	5466	54.8%	\$92.14	\$50.49	\$100,737,521
WITHOUT indoor waterparks	44	2402	39.7%	\$44.82	\$17.79	\$15,600,130
WITH indoor waterparks	18	3064	66.6%	\$114.24	\$76.13	\$85,137,390

Source: JLC Hospitality Consulting Inc.

And herein lies the problem. Hotels WITH indoor waterparks are doing well; hotel WITHOUT indoor waterparks are not doing well at the Dells.

That 54.8% annual occupancy in the Dells breaks down to 66.6% occupancy for hotels with indoor waterparks and only 39.7% occupancy for hotels without indoor waterparks.

In the old days before indoor waterparks, the Dells hotels would capture their annual revenues during a 100-day summer season and then close for the winter. Nowadays, the big waterpark resorts are booked solid in the summer, spring break and every weekend during the year.

Hotels with indoor waterparks captured an average room rate of \$114.24 at Wisconsin Dells in 2001. Hotels without indoor waterparks earned an average room rate of only \$44.82 in 2001. Big difference!

### **Wisconsin Dells is quickly becoming a land of haves and have-nots.**

The *haves* are 18 hotels with indoor waterparks averaging 170 rooms. They tend to be newer, bigger and higher-priced. Waterpark resorts, such as Kalahari Resort, Great Wolf Lodge, Treasure Island, Wilderness and Polynesian all have more than 250 rooms each and tend to have the biggest waterparks, too. These hotels penetrate 122% of the lodging demand and generate 84.5% of the total room revenue in the market.

The *have-nots* are 44 hotels without indoor waterparks averaging 55 rooms. They tend to be older, smaller and lower-priced. These hotels penetrate only 72% of their fair share of the lodging demand and generate only 15.5% of the total room revenue at the Dells.

Question is, how much longer can hotels survive without indoor waterparks at the Dells? Some hotels are already for sale. Others will soon face the decision to renovate and expand or become obsolete. Meanwhile, the idea is spreading; there are more than fifty hotels with indoor waterparks in the Upper Midwest. Many are becoming both the occupancy leader and price leader in their markets. Hotels with indoor waterparks are extending their short peak seasons to year round, and they are running 95% to 100% every weekend. Many new hotel developers are considering the feasibility of adding indoor waterparks to their future projects.

JLC Hospitality Consulting Inc of Rochester MN and William L. Haralson & Associates Inc of Richardson TX are working together with architects Planning Associates of Madison WI, the World Waterpark Association, hotel owners, suppliers and technical consultants to gather a hotel-waterpark database of construction costs, industry operating ratios as well as before and after impact of indoor waterparks on occupancy, average room rates and room revenues in the hotel industry.

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