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BUSINESS CLOSURE IN THE NORTH AMERICAN THEME PARK INDUSTRY: AN ANALYSIS OF CAUSES

by

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ABSTRACT

Prior to this study, no analysis had focused on the 31% failure rate recorded among theme parks opened in North American between the years 1955 and 2009. This study's purpose was to identify the causes of closures among the 23 failed theme parks and inform the industry of what can be learned from these business failures. Business failure analysis typically stresses the impact of financial ratios and the accuracy of certain negative numbers to predict impending failure, but such studies avoid examining the underlying causes that lead to poor financial performance in the first place. To focus on this question, this study adopted an events approach to discover the actual event causes that preceded failure and business closure. This study tabulated the frequency of event occurrences among two samples: failed/closed theme parks and a comparable sample of surviving theme parks. Event occurrences were more common among the failed/closed sample than among the surviving theme parks sample. A detailed analysis revealed that six of the 21 events measured were more common among the failed/closed theme park sample: declaring bankruptcy; excessive debt or general unprofitability; low customer satisfaction, defined as not offering enough to do in the park and/or inadequate capacity; development pressures; limited space for expansion; and a location in a regional geographic market. Theme parks failed more frequently due to involuntary event causes than due to voluntary closures. And, in contrast to previous studies, the occurrences of internal environmental events associated with business failure were *not* significantly different from the occurrences of external environmental events associated with failure. These findings identified events that have preceded failure or closure in theme parks and can provide insights to operators

and industry decision makers on how best to prevent or better manage such business closures in the future.

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CHAPTER ONE: INTRODUCTION TO THE STUDY

Introduction

Globally, the theme park sector recorded an annual attendance of 350.6 million in 2016 among the 70 most attended theme parks. Behind these mega parks is a second tier of theme parks that, cumulatively, is likely to represent additional attendance equal to half the reported annual reported figures (TEA/AECOM, 2017) for a combined global annual attendance of 525.9 million guests. Global distribution of theme park attendance market share by geographic region is 42.2% for North America; 36.3% in the Asia-Pacific region; 17.3% in Europe, the Middle East and Africa; and 4.2% in Latin America.

Within the North American market (comprising Mexico, the United States, and Canada), the top 20 parks achieved a combined attendance of 148.0 million in 2016. TEA/AECOM estimates total North American theme park attendance (the top 20 parks plus the approximately 30 other theme parks) at 199.5 million, with annual revenues of $18.3 billion. The top 20 North American parks are dominated by the six vacation destination parks of Disney (54.7%), Universal Studios' three parks (18.5%), and the three SeaWorld parks (8.2%) (Petrillo, 2016). Again, there are another 25 to 30 active theme parks in this market that failed to achieve the annual attendance necessary to be included in the top 20. Many of these parks typically serve regional markets and operate on a seasonal basis (closing during the coldest months of the year). These parks were the units of analysis in this study.

No closures have ever occurred among the largest theme parks. Industry-wide, this is not the case: of the approximately 74 theme parks that have opened in North America over the past 60 years, 23 have closed. These represent large enterprises, involving large investments, yet their demise came earlier than their investors, employees, and guests expected. In spite of this 31% attrition rate, no prior study has addressed the topic of business failure in the theme park industry.

A large body of literature exists on business failure analysis. Theories have been developed on the types of businesses that fail, when they fail, and how they fail. A rich stream of analysis has been compiled on how business failure manifests itself in specific industries. However, no work has examined when or why theme parks fail. This study fills this gap by unveiling the factors that have contributed to failures and closures in the North America theme park sector between the years 1955 and 2009.

Many studies in business failure analysis use financial ratios to devise a prediction of failure; in other words, the occurrence of select financial ratios (working capital to total assets, market value of equity to par value of debt, sales to total assets, etc.) at a company leads to a prediction of its likelihood to fail. Fewer studies, however, explore the *causes* that lead to those poor financial ratios and the eventual demise of a company. This study concentrates on the identification of the macro-economic (for example, the degree of competition, the economy, interest rates, gas prices, wars, terrorism, weather events), financial (for example, revenue declines, missed loan repayments), and organizational (for example, internal culture, processes, leadership characteristics) *events* that occur in the pre-failure life of theme parks that ultimately fail or close.

This study's methodology uses an events approach (Giroux & Wiggins, 1984; Kwansa & Parsa, 1990; Tavlin, Moncarz, & Dumont, 1989). The events approach analyzes discrete occurrences in the past history of the sample parks ("events" such as changes in ownership, declaration of bankruptcy, sustained revenue/attendance declines, poor word of mouth, development pressures, etc.). The analysis was conducted on equal sample sizes of 23 failed/closed theme parks and 23 surviving theme parks. The incidence of events was collected through an extensive content analysis of the business and trade literature focused on the outdoor entertainment industry. The identified events served as the independent variables in this study. Some of the events were similar to events that have been included in prior events approach studies (Giroux & Wiggins, 1984; Kwansa & Parsa, 1990); some of these events had been identified as contributors to failure from a review of the business failure analysis literature (see Chapter Two); and some of these events were revealed through the primary research conducted as a part of this study, for example, ride accidents, excessive maintenance expenses, or a lack of space for expansion. Once all of the relevant events were inventoried for each of the theme parks in the study, a chi-square analysis was conducted to determine whether there was a significant difference among the frequency of occurrences of any event between the failed theme park sample and the surviving theme park sample. The study's assumption is that certain events are significantly more likely to occur in the lifespan of failed theme parks than in the lifespan of surviving theme parks. Therefore, these events can be considered the contributing factors to the business failure of the theme parks in the study.

To organize these many events, the theoretical framework of Ooghe and De Prijcker (2008) was adapted for this study. Five categorization constructs were used to group individual failure causes into logical clusters. This model recognizes that sources of failure for a business

entity can come from events external or internal to the organization. External events can relate to the greater operational environment: the economy, politics, international events, social or technological changes, and even the environment. External events can also be related to events that can be only partly controlled by the organization: suppliers, competitors, financial institutions, shareholders, and public relations.

Internal sources of failure are more common and range from characteristics of the organization (age, size, industry), to internal operational tactics (investments, operational policies, finance, human resources, corporate governance), to leadership and employee capabilities (skills, motivations, qualities).

A nuance introduced into this model is the acknowledgment that not all failures are involuntary; some entities are voluntarily closed by their owners for very personal reasons such as desiring to retire or the pragmatic recognition that more lucrative business investments are available.

Identifying the events that have preceded failure or closure at theme parks can inform current theme park operators of the potential pitfalls that can befall their current operations. Additionally, foreknowledge of the events that have contributed to failure in this industry can inform future developers as they evaluate the potential of expanding into the burgeoning theme park markets of Asia and Latin America (TEA/AECOM, 2016).

Background

The theme park industry traces its origins to Walt Disney's development of Disneyland, which opened in Anaheim, California, in July 1955 (Price, 1999). Other amusement park developments had preceded Disneyland's opening and can trace their origins back to the pleasure gardens, trolley parks, beer gardens, and world's fairs of the 19th century (Weinstein, 1992).

However, Disneyland was planned to be distinctly different from these earlier ventures: Walt Disney's park emphasized cleanliness and elaborately planned and designed environments, buildings, costumes, food offerings, and merchandise, coordinated to communicate a theme or a story to the visitor (Milman, 1993). Most importantly, Walt Disney envisioned Disneyland to be a place where an entire family could share experiences and rides together (Price, 1999), as opposed to the contemporary amusement parks of that era, which often did not feature rides and experiences that could be enjoyed by both children and adults together. Since Disneyland's debut, an additional 73 theme parks have opened in the North American geographic region. It is acknowledged that there is a concentration of theme parks in the destination markets of Southern California and Central Florida, but most large metropolitan areas have at least one regional park of their own (Kaak, 2010).

Over time the theme park sector has grown in both the number of parks and number of visitors each year, yet along the way, a surprising number of theme parks failed. Of the approximately 74 theme parks that have opened over the past 60 years or so, 23 have failed (Kaak, 2010). Theme park failure is defined in this study as more than just filing for bankruptcy with the intent to reorganize and reopen. Failure in this study means that the parks have ceased operations and, in over half of the cases, have been torn down and the underlying land converted to another business use, even if the closure was due to a voluntary decision by the parks' owners.

Theme Park Failure Rates in Comparison to Overall Business Failure Rates

The above-mentioned figures equate to a theme park failure rate of 31%. Failure is not uncommon in business. According to studies, within the past half century of analysis, 25% of startup businesses in general fail in their first year of operation, 36% within two years, 44% within three years (Statisticbrain.com, 2014), 56% within four years (Campbell, 2005), and 71%

have failed by ten years of operation (Static Brain Research Institute, 2014). The average lifespan of a multinational Fortune 500–type corporation is 40 to 50 years; a survey conducted in Japan and Europe indicated that the average life expectancy of all firms, regardless of size, was only 12.5 years (De Geus, 2002).

Theme parks are large businesses, representing a significant investment. A survey of 51 U.S. theme parks (Kaak, 2010) revealed that the average construction cost for a North American theme park was $282 million (converted into current dollars). Additionally, theme parks are frequently developed by large corporations, yet they still fail or are voluntarily closed by their owners. This study focused on determining why this happens.

Ratio Analysis—The Most Common Form of Business Failure Analysis

Most studies of business failure analyze ratios derived from financial numbers reported in publicly available financial instruments such as financial statements and annual reports (Altman, 1968,1983; Beaver, 1966; Gu & Gao, 2000). In these studies, financial metrics serve as the independent variables in a multiple regression analysis that makes a prediction of survivability; for example, 79% of firms that exhibit certain financial traits will be bankrupt within a certain amount of time. Another stream of bankruptcy analysis employs logistic regression with failed firms and surviving firms serving as the two dependent variables (Kim & Gu, 2006; Ohlson, 1980; Zavgren, 1985). Again, financial ratios are used as the predictor variables, with the findings concluding that certain financial ratios predict the fate of a firm. Both of these methods are limited by the need to have access to financial data that are available only from publicly traded companies subject to public financial reporting requirements.

Theme parks tend to be either privately owned, which means they are not required to publicly report their financials, or are part of large publicly traded companies where the financial

numbers are reported at a consolidated level, with no means to break out the results at the individual park level. Another limitation of these methods is that they predict only the likelihood of a business to fail, without considering the *causes* of these business failures.

A Focus on the *Causes* of Business Failure

To put this in perspective, an analogy can be drawn. Just as predictions can be made of the likelihood that a business will fail, compiled statistical data can be used to predict the likelihood that any given plane will crash. But, when a plane does crash in the U.S., the Federal National Transportation and Safety Board (NTSB) is tasked with investigating the cause of the accident (National Transportation Safety Board, 2014). From this deliberate process, the mechanical and/or human errors (or events) that contributed to the accident can be isolated in order to inform the greater aviation community on how to improve operations and prevent subsequent accidents. Within the business failure analysis research stream, the method that best analyzes the "why's" of businesses failure is the events approach (Kwansa & Parsa, 1990). The events approach methodology in this study examined what firms (theme parks) closed or survived and why. Through an extensive literature review, the events that preceded failure were identified and now can serve to instruct current theme park operators and potential theme park investors on the best practices and potential pitfalls of this industry.

Problem Statement

The Lack of Business Failure Literature on the Theme Park Sector

Robust literature exists on business failure analysis. Less literature exists on business failure analysis within the hospitality industry, but there is research on failure in the restaurant segment (Gu, 2002; Parsa, Self, Njite, & King, 2005), the lodging segment (Baum & Haveman,

1997; Baum & Ingram, 1998; Baum & Mezias, 1992; Ingram & Baum, 1997), and even the special events segment (Getz, 2002).There was no academic research on business failure in the theme park business segment.

Negative Impacts Stemming From Theme Park Failures

Within the theme park business segment, theme park failures or closures result in financial losses for investors, the loss of income for employees, and damages to the reputation of the management team (Daily, 1994; Weitzel & Jonsson, 1989). There are also collateral damages for the rest of the industry that follow from any failure of a theme park firm: theme park closures frequently become media sensations, with correspondingly negative connotations for the overall industry (Daily, 1994; Hill, 2014; Jacques, 1985). Preventing such collapses can serve to enhance the professional credibility of the industry.

Neglecting to Include Failed Subjects in Studies

Another need for this research was to explore a neglected segment of this industry, failed or closed theme parks, and the associated event variables that are not included in the typical business failure analysis study. Steven Shugan (2007) cautioned against "passive data collection" (p. 1). He warned researchers against accepting variables into a study solely because they were used in prior studies, since the use of typical variables will only produce typical results. This study acknowledges the variables used to detect business failure in prior studies but willing accepts alternative variables that were revealed from the data collection and analysis process.

Unlike many studies that have inherent data collection biases by unintentionally excluding from the analysis segments of the sample that have already failed (a limitation known as survivor bias) (Shugan, 2007), this study actively included failed firms within the study

approach. Examples of survivor bias and its impact include the comparison of mutual funds, where random samples of these managed financial instruments can overestimate their average earnings since those funds that failed were not included in the study sample (Bleiberg & Regan, 1986). Similarly, customer satisfaction feedback overstates the positive because those truly dissatisfied customers are no longer customers and are not queried (Golder & Tellis, 1993). The overall effect of survivor bias is that the sample of observations does not represent the population that was intended (Shugan, 2007); there is less variation among the subjects because they all share the trait that they survived. Half of the sample of theme park firms in this study is composed of failed or closed firms. The variables, or events, included in the analysis were representative of both survivors and failed theme parks. More complete insights on the North American theme park industry can be gained from this study due to its inclusion of the entire spectrum of theme parks.

Issues—why no theories of theme park failure have been developed, what are the economic losses that follow in the wake of a theme park failure, and how uncovering the knowledge of events that foretell theme park failure can inform current theme park operations—will be addressed in the following discussion of this study's *purpose statement*.

Purpose of the Study

Closely related to the identification of the study problem is the study's purpose statement. A study's purpose statement establishes the intent of the study: what will be accomplished from the effort (Creswell, 2009). It answers the question "why bother?" It becomes the rationale and even the justification in economic or business terms. It shows that the findings of the study will contribute to the existing body of knowledge and will provide insights that can be applied to current management practice.

This study seeks to propose a theory as to the overarching causes of theme park failure. The failure rate of the North American theme park industry (approximately 31%) would appear to be exceedingly high, especially considering the high initial investment costs (Kaak, 2010), the extensive planning and construction time (multiple years) to bring a park to fruition, and the significant financial backing required (often originating from major institutional investors such as corporations) to conceive and launch such a venture. Although the academic literature has included numerous bankruptcy studies within the hospitality industry (Adams, 1995; Getz, 2002; Gu, 2002; Gu & Gao, 2000; Kim & Gu, 2006; Kwansa & Parsa, 1990; Olsen, Bellas & Kish, 1983; Parsa et al., 2005; Tavlin et al., 1989; Youn & Gu, 2010), none has included, much less specifically focused on, business failure within the theme park industry sector. This study provides such an analysis for the first time.

Additionally, this study renews the use of the events approach study of business failure analysis that has been neglected since the 1990s (Giroux & Wiggins, 1984; Kwansa & Parsa, 1990; Tavlin et al., 1989).

Just as with any business failure, a theme park closure results in financial loses for its investors, lost salaries for its workers, lost revenues for surrounding support businesses, and lost tax revenues for the local economy (Gu & Gao, 2000). However, the closure of a theme park also results in the loss of memories among those who had visited the park and retain fond recollections of the experience. The insights this study provides into the business failure process can serve to prevent or help to better manage such business closures in the future.

The events approach's potential to identify the events / actions that have preceded business failures within the theme park industry can provide current and future theme park managers with foreknowledge of specific issues that are likely to foretell impending troubles

within their current operations. With such knowledge, actions can be taken to correct operational problems and thwart potential business failure. And, most specifically, this study has provided the means to identify the specific attributes that contribute to business failure within the theme park industry. These results can add to the collective knowledge of the business failure / closure / bankruptcy academic stream.

Research Question

A research question represents the central issue addressed in a study but it tends to be too general to be studied directly (that is the purpose of the study's hypotheses). Additionally, a research question is typically phrased within the context of a theory (Trochim, 2001). This study resides within the theory of business failure: why and how specific firms experience a decline in their economic prosperity or ability to function that results in their eventual reorganization or dissolution (Altman, 1983). More specifically, this study's research question is concerned with the causes of business failure within the theme park industry.

Research Question: *What have been the financial, environmental, and internal events that have contributed to the business failure and closure of almost one-third of all North American theme parks opened between the years of 1955 and 2009*?

Study Methodology

This study investigated the causes of theme park failure and/or closure in the North American market using an events approach methodology. This method uses two independent samples of 23 theme park units of analysis. One sample is composed of theme parks that have failed/closed; the other sample comprises theme parks currently in operation. A comprehensive literature review of *Amusement Business*, the trade journal of the outdoor entertainment industry, was performed to identify event occurrences in the lifespans of the 46 parks. Events can be

financial in nature (declining revenues, high debt ratios, or cash flow troubles), operational in nature (attendance declines, long lines, or accidents in the parks), or external to the business (direct competition, poor weather, or bad economic conditions). But, the event has to be reported to be counted. Twenty-one events were measured in this study. Those selected had been identified from prior event approach studies, a review of the failure analysis academic literature, a review of the existing sources on theme park failure, and a pilot study that reviewed a select number of years of *Amusement Business* publications.

After the data had been collected, the frequency of each event occurrence (referred to as event variables in this study) among the two samples was tabulated and compared using a chi-square test for independence to determine whether a significant difference exists among the samples. The assumption was that tested event variables that occurred more frequently among the failed/closed theme parks are likely to be causes, or at least contributors, of failure/closure within the theme park industry.

Operational Definitions

This section explains the terms of the study, as used in this document.

Theme Parks – The units of analysis for this study, the "subjects." Twenty-three failed theme parks and 23 surviving theme parks made up the 46 units of analysis. "Theme park" is an often-used term but one rarely defined. Most frequently, Disneyland's opening in 1955 is mentioned as the genesis of the industry (Price, 1999), but other authors believe that Disneyland was just the continuation of a recreation development that began years earlier in Coney Island, New York (Weinstein, 1992). Nonetheless, Walt Disney's creation was explicitly intended to be different from the traditional amusement parks that were more common at the time of its establishment. Specifically, Disney wanted his park to stress cleanliness, to have a single point

of entry, and to contain numerous themed sections around which all attractions and activities were coordinated. Much emphasis was placed on isolating the outside world from the fantasy world presented in the parks and providing an environment where families could be entertained together (Price, 1999). Additional attributes of theme parks frequently referred to in the literature include the pay-one-price entrance fee; annual attendance in excess of one million; corporate ownership; specific design traits such as elaborate landscaping; architecture that entertains; and the inclusion of a variety of offerings, including large-scale rides, shopping, live entertainment, and dining options (Adams, 1991; Carlson & Popelka, 1988; Gottdiener, 1997; Kyriazi, 1976; Lyon, 1987; Williams, 1998). For this study, the operational definition of theme park stressed size (the parks are large entities in terms of annual attendance), the timing of their opening (all the parks opened after the opening of Disneyland in 1955), and their operation as part of the more recognized theme park chain operators such as, Six Flags, SeaWorld, Cedar Fair, etc. Traditional amusement parks, family entertainment centers, and large stand-alone attractions are not part of this study.

Destination Theme Park – Parks with surrounding resort infrastructure (hotels, recreational activities, attractions, and themed dining and merchandising hubs) that serve as tourist destinations. The parks are characterized by elaborate theming, often incorporating content from popular media franchises (movies, cartoons, television). Most are owned by large corporations, with year-round operations. The majority of their guests (approximately 90%) are tourists, originating from an area that is at least 50 miles from the park (Clave, 2007; Milman, 1993; Milman & Kaak, 2018). This study avoided including the largest destination theme parks since there are no examples of failure/closure among these parks; mostly regional parks served as the units of analysis.

Regional Theme Park – Theme parks that attract the majority of their attendance from the population located in the immediate, surrounding area; in most instances, 90% of their guests reside within a three-hour drive of the park. They operate on a seasonal schedule, approximately 150-days per year. They are often dominated by their thrill rides and increasingly are operated by chains (a corporation that owns and manages a number of theme park properties distributed over a large geographic area) (Milman & Kaak, 2017).

Traditional Amusement Park – Typically, an arrangement of carnival and dark rides for which a separate charge per ride is collected, often lacking a unifying theme. The origins of these parks go back to the 19th century, when they operated as picnic groves or trolley parks; later, rides were introduced. These parks reached their height in the 1920s. Coney Island, New York, contained the most familiar examples. No traditional amusement parks were included in the current study.

Amusement Park – A generic term applied to all types of parks that feature rides, games, shows, and concessions. Both traditional and theme parks can be included in this category. This term was avoided in the current study and the parks were always referred to as theme parks.

Failure – The closure of the park, the dissolution of the business entity that was the park, and in many instances the physical destruction of the theme park facility. Business failure can be defined in various degrees: from cumulative revenue declines over a number of financial quarters or years, change of ownership, bankruptcy with the intent to reorganize, to the cessation of the business entity. Failure implies involuntary closure of the firm. This study used the most stringent definition of business failure as the definition of theme park failure. The failed or closed theme parks that were included as half of the units of analysis in this study most definitely failed: they ceased operations and closed.

Closure – The ceasing of operations of a theme park. The closing of a theme park, as opposed to failure, implies that a park ceased operations for voluntary reasons. This is an unexpected reason for "failure" but is not uncommon. Firms close voluntarily due to the retirement/death/illness of the owner, to prevent ultimate financial failure, and as an acknowledgment that there is a more lucrative use of assets than the current business provides. For theme parks, closure often results from the owners' realization that there is a higher, better use of the property than its continued promotion as a theme park.

Chapter 7 Bankruptcy – A chapter of Title 11 of the United States Bankruptcy Code. A company that files for Chapter 7 ceases operation, and all of its assets are liquidated in order to pay off its outstanding debts (Altman, 1983). Chapter 7 is the most stringent form of bankruptcy under U.S. law.

Chapter 11 Bankruptcy – A form of filing that enables the firm to reorganize while the bankrupt company continues to operate and maintain control of the business. Most major businesses in the United States that petition for bankruptcy protection file under Chapter 11. Management is given the opportunity to create a plan for reorganization, while the company gains temporary relief from paying its debts. The reorganization plan submitted to the court must show how the company will emerge after the reorganization with the ability to pay off its creditors and then continue as a viable business (Summers, 1989).

Events Approach – A technique that uses an *ex post facto* (after the fact) research design that does not claim the ability to predict bankruptcy but rather explores the categorizable events that precede the bankruptcy process in firms. This method compares the external, financial, and organizational events that occur within an industry between establishments that ended in bankruptcy versus those that achieved financial stability, and then attempts to determine those

events that were significantly more common to failed firms than to those that survived. Common precursors to economic failure are net losses, management turnover, loan default, credit issues, inefficient management, inadequate training, undercapitalization, debt restructuring, pending lawsuits, etc. Typically, this approach complements the information obtained through financial ratio analysis by seeking to determine the events that are unique to bankrupt firms (Giroux & Wiggins, 1984; Kwansa & Parsa, 1990).

Theming – A storytelling process using buildings, rides, shows, landscaping, music, merchandise products, and food to align the guest experience with the style or motif of a theme park section (sometimes referred to as a "land") (Milman, 1993). It is generally assumed that theming adds at least 5% to the cost of building a themed property, while individual ride theming frequently adds 20% to the ride's off-the-shelf cost (Uttal, 1977).

Significance of the Study

Academic literature addresses the issue of general business failure; theories exist on what types of businesses fail, when they most typically fail in their lifecycle, and how they fail. But no existing study had addressed why 31% of all the theme parks opened within North America have failed involuntarily or been closed for voluntary reasons. This study has sought to rectify this gap.

The majority of business failure analysis studies concentrate on ratio analysis, seeking to determine the aspects of a company's financial statement that predict the probability of failure. Such methods fail to consider the specific causes of the eventual failure. This study used an events approach, which focuses on determining which economic, financial or organizational occurrences are significantly more likely (based on the frequency of occurrence) to occur at a failed or closed theme park versus a surviving theme park sample. The units of analysis of this

study included 23 failed/closed theme parks and 23 surviving theme parks. The source of the event variables was an extensive content analysis of *Amusement Business*, the trade journal of the outdoor entertainment industry, spanning the years of the study, 1955 to 2009.

This study's hypotheses postulate that the event variables will be significantly more likely to occur among the failed/closed theme park sample than among the surviving theme park sample. The hypotheses also predict that involuntary theme park failures would turn out to be more common than voluntary closures. This may appear obvious; however, a considerable number (35%) of theme parks have been voluntarily closed, in part, to redevelop the underlying land into a venture that was considered to be more profitable in the long-term, or to realize a short-term gain from the sell of the property.

This study includes findings obtained from operating theme parks, but it also considers lessons learned from failed, closed, and non-surviving parks, a segment of the potential market frequently neglected in studies. Identifying why theme parks fail or are voluntarily closed provides current and future theme park managers with foreknowledge of specific issues that may foretell impending troubles in their current operations. As the global theme park industry expands, the lessons learned from the failed or closed theme parks of North America can be applied to enhance business success.

Chapter Two provides an overview of the literature related to business failure analysis: beginning with the process that leads to failure, to the typical causes of business failure, the generic failure types, predictors of failure, the impacts that result from business failure, and finally a review of prior business failure analysis within the hospitality business sector. Chapter Three details the events approach methodology that was applied in this study: why this research design strategy was selected, examples of prior events approach studies, the study's hypotheses,

the data collection methods, and the data analysis conducted. The collected and analyzed data are presented as findings in Chapter Four, followed by a discussion of the significance and implications of these findings in Chapter Five.

CHAPTER TWO: REVIEW OF THE LITERATURE

The current chapter reviews the theoretical foundations of the business failure analysis field of study and seeks to identify the relevant research questions that have been utilized to identify why businesses fail or survive. The literature review examines a number of areas from definitions and rates of business failure, to the causes of business failure. Models that have been crafted to explain business failure are reviewed, as are the seminal business failure analysis studies and the efforts to date that have been made to explore business failure within the hospitality industry.

The contents of this section are derived mostly from the general literature on business failure analysis; this is crucial to provide a basis for a meaningful understanding of this field. Additionally, a review of the hospitality and tourism industry is included, specifically for the restaurant, lodging, and special events sectors. This review ties the wider business failure analysis field to the hospitality industry but also highlights the paucity of research that has been devoted to bankruptcy in the hospitality industry, and the complete lack of business failure research completed within the theme park segment.

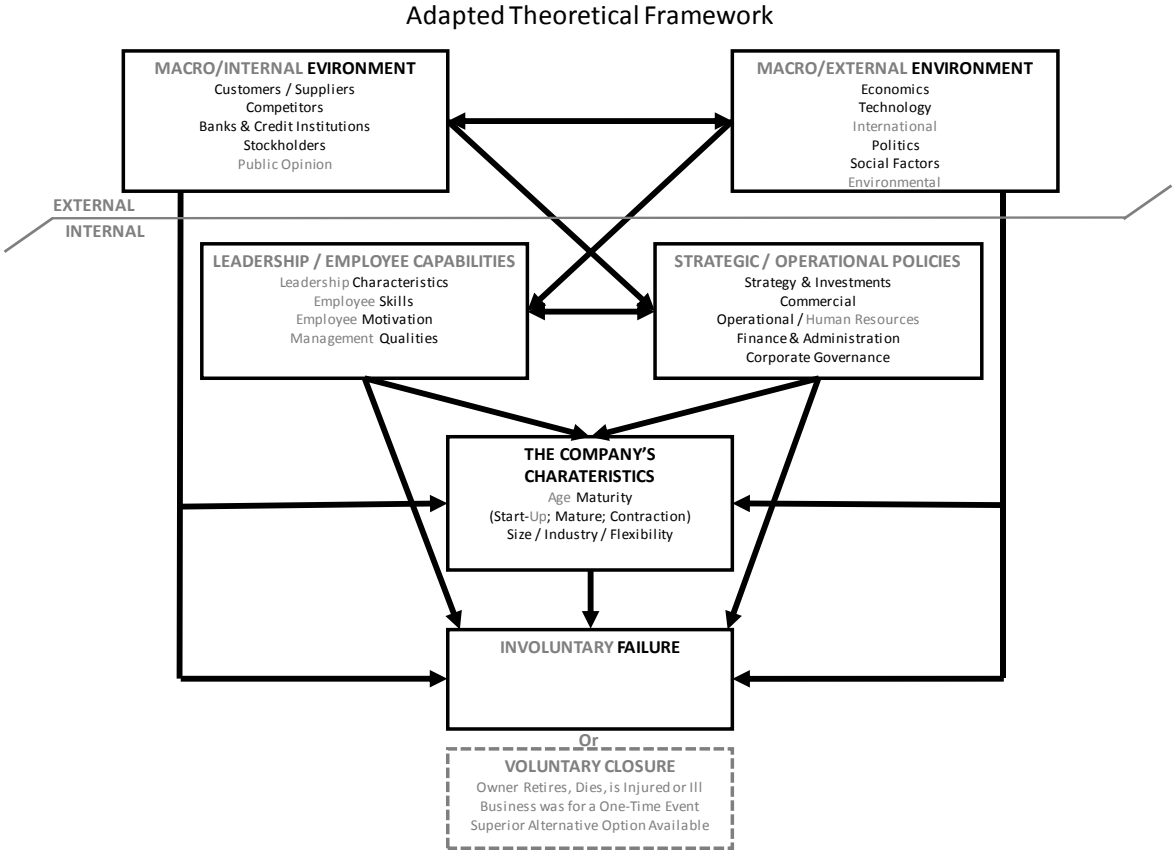
Explanation of the Theoretical Model

This study adapts the theoretical construct established by Ooghe and De Prijcker (2008). The model seeks to categorize and organize the numerous failure attributes into five overarching constructs for the purpose of clarifying failure causes. Other authors have also devised frameworks to organize failure attributes (Parsa et al., 2005; Pretorius, 2008). Common among

the categorization schemes is to distinguish between attributes external to an organization and those internal to the organization (Boyle & Desai, 1991; Fredland & Morris, 1976; Parsa et al., 2005; Pretorius, 2008). Internal failure attributes are frequently divided into subcategories that focus on financial and accounting (Boyle & Desai, 1991; Getz, 2002; Parsa et al., 2005; Pretorius, 2008; Thornhill & Amit, 2003), products, marketing and customers (Getz, 2002; Miller, 1977; Parsa et al., 2005; Thornhill & Amit, 2003), leadership and management (Parsa et al., 2005; Thornhill & Amit, 2003), and human/cultural (Boyle & Desai, 1991; Getz, 2002; Miller, 1977; Parsa et al., 2005; Pretorius, 2008). Another frequently occurring organizational category is to qualify failed firms by physical characteristics such as age, size, geographical location and industry. In a field that lacks robust theories on failure causes (Aziz, Emanuel & Lawson, 1988; Daily, 1994; Hamer, 1983; Keasey & Watson, 1991; Pretorius, 2008), such categorization schemes have been proposed as a means to provide an initial organizational clarity to ultimately identify relevant variables and build more accurate failure theories.

It is common within the business failure analysis literature to make claims that theories of failure have not been adequately developed and have not been used when devising business failure or bankruptcy studies. Hamer in 1983 noted that the majority of studies did not provide a theoretical basis when selecting the financial ratios that were used to make failure predictions. Five years later, Aziz et al. (1988, p. 419) lamented that the ratios input into the prediction models were based on "ad hoc pragmatism" and not "sound theoretical work." As a result, researchers have resorted to inputting large sets of ratios into the models and have then used statistical methods to winnow through this data (Keasey & Watson, 1991). This shortcoming continues. Pretorius (2008) referred to business failure analysis as "ill-defined" and "messy." Then went on to propose a conceptual framework that was described as confirming the

complexity of the field of study, "and the impossibility of generalizing about its variables" due to unpredictable interpretations of the numerous variables and the overlapping of interpretations among the variables.



Source: *Ooghe & Waeyaert (2004), as adopted by Ooghe & De Prijcker (2008)*
Figure 2.1: Conceptual Failure Model of Possible Causes of Bankruptcy

Figure 1. Conceptual Failure Model of Possible Causes of Bankruptcy

Ooghe and De Prijcker's (2008) theoretical framework provides categories into which this study's analysis of theme park failure attributes are easily contained. Even those closure attributes that are considered unique to this industry can be aligned into these organizing categories. Figure 1 "Conceptual Failure Model of Possible Causes of Bankruptcy" displays Ooghe and De Prijcker's model, modified to accommodate the hypotheses of this study.

The most noticeable change to the model for the current study is the division of failure/closure into two categories: involuntary failure and voluntary closure. Failure in the models reviewed does not distinguish between voluntary and involuntary failure. However, the research into the causes of theme park failure has revealed that closure is not always forced on the business but can be the result of a choice to end the business for rational reasons.

Voluntary failure, or more appropriately voluntary closure, has been referred to as: successful closure, voluntary liquidation, business discontinuance, business exits, business death, voluntary harvest liquidation, or termination to avoid losses (Bates, 2005; Coad, 2014; Ulmer & Nielsen, 1947). The term voluntary exit has been used to describe mergers, termination with losses or to avoid losses, business exits among high performance firms that exit because their investors have very high threshold expectations, the sale of the firm, owners departing because they accepted employment with another firm, owner retirement, or the death or illness of the owners (Theng & Boon, 1996; Thornhill & Amit, 2003; Watson & Everett, 1993, 1996). It has been estimated that 29% to one-third of business owners have felt the operation was successful at the time of its closure (Headd, 2003).

The Adapted Framework

This adapted theoretical framework segments the business failure attributes into those external versus those internal to the operation of a firm. This is a common distinction within the field of business failure analysis. External factors are accepted to be factors outside of the control of the business. Businesses must adapt to these exogenous factors, but can do nothing to influence them. In the framework these are referred to as the "macro" environment, divided into the macro/internal environment and the macro/external environment. The macro/external environment are factors truly beyond the control of the firm: macroeconomics, changing

technology, international or global influences, local politics and regulations, societal developments, and environmental influences. Event variables in this study related to this construct include: the impacts of natural disasters or the environment on theme park failures; the influence of the year or decade of opening (related to changing demographic factors) on theme park survivability; and the impact of nearby residents and their potential objections on the operation of the theme park.

The macro/internal environment refers to factors to which the organization *plays a role* but cannot completely control. These are the firm's relationships with customers and suppliers, banks and credit institutions, stockholders (if relevant), and competitors. This is also the space where public opinion has influence on the success or failure of the firm. Event variables in this study related to this construct include the impacts of theme park concentration on success or failure.

Internal factors are considered to be the more impactful influences on the success or failure of a firm. Three constructs are included as internal: leadership/employee capabilities, strategic/operational policies, and the acknowledgement of the company's characteristics. Beginning with the company's characteristics, this refers to attributes of the firm: its age, its size, and even its industry. Event variables in this study related to the company's characteristics include: theme parks that failed within the first five years of their existence; theme parks that lacked space to accommodate the expansion of their operations; theme parks that were located in destination markets versus regional markets; and theme parks located in geographically areas that result in constrained operating season lengths due to environmental factors.

Other internal factors of business failure consider leadership/employee capabilities. Firm attributes such as the characteristics or capabilities of senior management, and the skills and

motivations of employees are influential on the success or failure of firms. The strategic/operational policies consider the day-to-day procedures of the firm, activities such as the firm's strategic investment decisions, commercial policies, human resource policies, corporate governance plans, and financial and administrative decisions. Event variables in this study related to strategic/operational policies are numerous. Within the category of strategy and investments, event variables are related to pricing, ticketing and discounting strategies employed by theme parks. Also, the frequently occurring mergers and acquisitions made within the industry are part of overall strategy and investments decisions. Commercial activities relate to theme park competitors, especially being overpriced relative to similar attractions. The many operational components related to theme parks are measured through the event variables of customer satisfaction, park capacity, and the inclusion of enough park attractions to keep patrons fulfilled. Aligned with maintaining customer satisfaction is the measure of preventing attendance declines year-to-year. Maintenance and/or the lack of reinvestment in the operation expected by consumers is considered as an event variable related to this construct. And, following from operational efficiency, a couple of event variables gauge the effects of notable ride accidents and the number of lawsuits brought against the operation. Event variables aligned to financial policies include the level of debt sustained by the operation and the instances of declared bankruptcy as a reorganization attempt. Corporate governance is related to the event variables concerned with the impacts of management corruption on the ultimate failure of theme park enterprises.

Lastly, the adapted theoretical framework considers the end result. For Ooghe and De Prijcker this was the singular "failure," bankruptcy, closure, sell of the business. But failure or closure can be considered to be more nuanced. For the adapted model, the construct of

"voluntary closure" augments "involuntary" failure. Voluntary closure recognizes that businesses cease to be for reasons other than economic failure. Businesses can close due to an owner's injury, illness, death or retirement. Businesses may have been financially viable at the time of such a closure but were closed at the discretion of the owner: because they were opened only to exploit a one-time event, or because superior alternative options were available. In other words, the time invested by the managers, or the resources utilized in the enterprise could return a greater value if employed in another economic concern. An event variable in this study is that theme parks have been closed because the investors believed that there was a higher best use of the property than its continued operation as a theme park – even if that theme park was economically viable at the time of its closing. Table 1 displays the theoretical model constructs and their associated event variables.

Table 1: Theoretical Model Constructs and Associated Event Variables

Macro / External Environment Construct
Opening in a Specific Period vs. Another Time, Changing Demographics
Acts of Nature/Natural Disasters, Excessive Maintenance Costs
Complaints from Adjoining Residents
Macro / Internal Environment Construct
Theme Park Market Concentration/ New Competitor in Immediate Market
The Company's Characteristics Construct
Failing in Five Years or Less
Failure Rates: Destination vs. Regional
Constrained Operating Season/Length
Lack of Space for Expansion
Leadership / Employee Capabilities Construct
Strategic / Operational Policies Construct
Pricing/Ticketing/Discounting Strategies
Overpriced Relative to Similar Attractions
Construction Cost Overruns/Delayed Openings
Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity
Sustained Attendance Declines
Lack of Maintenance/Reinvestment
Notable Ride Accidents
Excessive Number of Lawsuits
Excessive Debt
Instances of Declared Bankruptcy
Instances of Mergers/Acquisitions
Management Corruption/Graft and Internal Vandalism/Damage/Sabotage
Voluntary Closure Construct
Higher Best Use for the Property

Business failure analysis encompasses a variety of business scenarios, from declining revenues, to turnaround strategies, and ultimately, to bankruptcy. Bankruptcy itself is nuanced, ranging from business recovery/turnaround to business dissolution.

Definitions for Business Failure

Business failure has never been as simple to explain as might be expected; partly this is due to the lack of a widely accepted definition of failure (Pretorius, 2008). Daily (1994, p. 265) identified business failure as "organizational decline," as a period of "decreasing internal

resources," which implies either financial declines or human capital declines, or both. Watson and Everett (1993, 1996) proposed five categories of business failure: failing to achieve financial goals; firm closure or change in ownership; closing to limit loses; filing for bankruptcy; or ceasing to exist for any reason. These categories range from failure to achieve profits, potentially a temporary condition, to the dissolution of the business enterprise; these categories acknowledge business events such as a change of ownership, and recognize that businesses can close for reasons not related to financial distress. This study will demonstrate that significant business events at theme parks can result in their failure, yet some theme parks have closed due to reasons other than financial distress.

The contemporary period of lenient bankruptcy was ushered in with the 1979 passage of the U.S. Bankruptcy Reform Act. Prior to this law, the majority of business failure resulted in the liquidation of businesses. Now the emphasis is on reorganization; this easing of restrictions resulted in a doubling of the number of firms filing for bankruptcy protection (Daily, 1994).

The Bankruptcy Reform Act introduced two distinct types of formal business failure: Chapter 7 and Chapter 11. Chapter 7 is the most legally stringent form of bankruptcy under U.S. law and results in the cessation of business operations and the liquidation of all business assets to pay off any outstanding debts (Altman, 1983). Chapter 11 is a petition for protection from creditors that enables a firm to continue operations while it seeks to reorganize (Summers, 1989). Temporary relief from paying debts is granted as long as the firm submits a reorganization plan that details how the entity will emerge with the ability to pay off its creditors and then continue as a viable business.

The numerous failure studies have used varied definitions of business failure. Beaver (1966, p. 71) proposed failure as "the inability of a firm to pay its financial obligations as they

mature." Giroux and Wiggins (1984, p. 179) defined failure as "experiencing some degree of financial distress." Others applied a starker definition of what qualifies as failure: filing for bankruptcy (Gu & Gao, 2000; Kwansa & Parsa, 1990; Ohlson, 1980). This study utilizes a most drastic definition of failure – *the closure of the business as an operating concern*. Many theme parks have experienced challenges in paying debts, challenges in achieving long-term profitability, and have even filed for bankruptcy. However, if the theme park managed to continue operating, it would not qualify as a business failure in this study. The "failed" parks in this study have all closed their gates, but this does not always imply that they failed financially. Many did, but others ceased operations due to a variety of business events (some unrelated to financial hardships) that will be explored throughout this study.

Many studies consider the *process* of failure. It is easy to view business failure as a definitive traumatic event; however, the reality is that failure rarely results from a single event (Argenti, 1976; Pretorius, 2008), or one bad decision, but from the "accumulation" of business decisions (Kanter, 2003); failure typically takes time and occurs by "degrees" (Weitzel & Jonsson, 1989). Hambrick and D'Aveni (1992) concluded that the sample of failed firms included in their study exhibited "signs" of "financial weakness" (in comparison to the sample of surviving firms) as many as ten years before failing. Daily (1994) claims that perceptive individuals (internal leaders or external analysts) can perceive signs of impending failure five years prior to the finale, with the last two years characterized as the very apparent "death struggle." Beaver (1966) concluded that the year prior to the ultimate failure is the most crucial in determining whether the firm will fail of not. The literature supports the conclusion that business failure takes time, which supports the validity of capturing the specific *events* that occur

in the history of an organization prior to its eventual demise or continuing success. This is what this study's event approach will focus on.

One intent for studying business failure is to discover a path to recovery; "recovery is really at the center of failure research" (Pretorius, 2008). To some extent business failure is actually the failure to successfully execute a "turnaround." Commonly accepted turnaround strategies identify five steps to recovery: situation analysis; change in management; emergency actions; restructuring actions; and a return to normality and profitability (Burbank, 2005). Firms attempting a turnaround will focus on a few initiatives: revenue-generating activities; cost-cutting initiatives; and asset-reduction sales (Pretorius, 2008). Any of these steps or initiatives involve business *events* that will be evaluated in this study as potentially significant in determining whether a theme park fails or survives.

Before moving on from a summary of the definitions of business failure, it is worthy to note that a study by Headd in 2003 revealed that 29% of "closed" businesses were considered to be successful by their owners at the time of their closure. *Business closure is not always due to business failure*. This is relevant to this study of theme park closures, where a hypothesis is that a number of parks have been closed not due to the failure to make a profit but because the owners believed that there was a higher, best use of the property; in other words, there was greater revenue generating potential in developing the property as something other than a theme park.

Business Failure Rates

What is the normative rate of business failure? Approximately one-third of all theme parks opened in North America have failed; how does this rate compare to overall rates of business failure? Statistics on failure rates vary and are somewhat contentious (Parsa et al.,

2005). Knott and Posen (2005) suggest that nearly 10% of all U.S. firms fail each year, and ultimately 80 to 90% of firms will fail. There is also the assumption that the risk of failure is the highest in the first years after a business' establishment and then decreases over time (Pretorius, 2008).

The Statistic Brain Research Institute (2014) claims that one out of four businesses fail within their first year of operation. However, a number of business failure analysts contend that many firms survive through the first year due to adequate initial financing, even without managing to achieve revenue targets or much less profitability (Thornhill & Amit, 2003). After the second year of operation, the rate of failure increases to 36% (see Table 2), and by year three the failure tally is up to 44% (Static Brain Research Institute, 2014). In year four, the failure rate crosses the halfway mark (Headd, 2003; Campbell, 2005). In the sixth year the failure rate is as high as 63% (Williams, 1993) and by the tenth year, 71% of firms have closed (Static Brain Research Institute, 2014).

Table 2. Cumulative Business Failure Rates Among Firms

Year(s) of operation	Failure rate among new businesses (cumulative) %	Source(s)
1st year	25	Statisticbrain, 2014
2nd year	24–36	Headd, 2003; Statisticbrain, 2014
3rd year	44	Statisticbrain, 2014
4th year	53–56	Headd, 2003; Campbell, 2005
5th year	40–67	Daily, 1994
6th year	60–63	Williams, 1993
10th year	71	Statisticbrain, 2014
Ultimately	80–90	Knott & Posen, 2005
Each year	~ 10	Knott & Posen, 2005

Average Life Expectancy

Type of firm	Years	Source
All firms	12.5	De Geus, 2002
"Fortune 500"–type firms	40–50	De Geus, 2002

Industry Specific Business Failure Rates

Type of business	%	Source
Restaurants	30	Parsa, Self, Njite & King, 2005
Hotels	19*	Chen & Yeh, 2012
Festivals	36*	Getz, 2002
Theme parks	31	Kaak, 2015

* One study

One study claimed that average life expectancy of all firms, regardless of size, is 12.5 years, while the average lifespan of a multinational, "*Fortune* 500" -type corporation is 40 to 50 years (De Geus, 2002). Considering these figures, the rate of failure among theme parks is not an exception from the norm, and the average lifespan of the parks aligns with the status quo of larger business establishments.

Rationale for Studying Failure

The pervasiveness of failure in business should be grounds enough for researchers and business practitioners to devote effort to studying failure. American industrialist Henry Ford went bankrupt five times before he found a way to profitably make cars: "I strongly believe that there is often more to be learned from failure than there is from success if we but take the time to do so," quoted in Longenecker, Simonetti, and Sharkey (1999, p. 503).

Until the early 1980s, very little research was devoted to the study of business failure or organizational decline; it is thought that failure was neglected due to the emphasis on the study of organizational survival and business growth. This sentiment is mirrored in reality where the overwhelming focus on growth by management has actually been shown to be a primary internal cause of organizational decline (Daily, 1994). A challenging economy in the early 1980s led to increases in the volume of research centered on business failure. The booming economy of the later 1980s and through the 1990s resulted in a de-emphasis on failure studies. After the Millennium, research again increased in the business failure arena, but it is far from flooding the current research literature (Pretorius, 2008).

Compounding the lack of research is the lack of robust business failure theory. Hamer (1983) concludes that limited business failure research has resulted in a lack of a theoretical basis for selecting variables to include. This has resulted in each subsequent researcher selecting a new batch of study variables, providing no continuity in the business failure literature, and depriving researchers and practitioners the foreknowledge to avoid, manage and work to survive through business failures (Daily, 1994). A study of restaurant owners who had failed (Camillo, Connolly & Kim, 2008) revealed that the industry as a whole has not invested the warranted time

or effort to learn from prior mistakes, and the individuals that had failed, when asked, could not even pinpoint the reasons why their own businesses had failed.

Another rationale for analyzing business failure is due to the negative tangible impacts it has in terms of costs to businesses, society and economies (Warner, 1977). The fallout from business failures impact politicians interested in economic development, as well as the investors and employees who are directly involved (Daily, 1994). So vast are the impacts of business failure that the early impetus for developing failure prediction models was to attempt to counteract the consequences of failure (Hamer, 1983). Business failures lead to disruptions in the economy as well as disruptions to businesses, which then disrupts access to products, services and jobs (Weitzel & Jonsson, 1989). Business failures lead to financial losses for affected creditors, stockholders and eventually governments through lost tax revenues due to lost incomes (Gu & Gao, 2000). Business failures' impacts are felt more so in smaller and local economies (Youn & Gu, 2010); thus the early detection of problems and the opportunity to reallocate resources can be a benefit to the social welfare (Hamer, 1983).

Impacts from business failure are also felt at the individual level; the grief associated with failure contributes to the unwillingness to learn from the experience (Shephard, 2003; Sutton & Callahan, 1987). Managers from failed firms are reluctant to speak with researchers and showcase their failures, while leaders at failing firms will not take the time away from work to meet with researchers; thus potential learnings are never shared (Weitzel & Jonsson, 1989).

The biggest potential value that could come from studying business failure is to be able to improve on the ability to predict and prevent failures in the future (Daily, 1994) and to prevent firms and individuals from repeating the same errors made in the past (Longenecker et al., 1999; Pretorius, 2008). Management's job is to "monitor the probability of failure" (Hamer, 1983,

p. 289), with the knowledge that the warning signs of business distress occur much earlier than the actual failure (Gu & Gao, 2000; Youn & Gu, 2010). Rather than just building failure prediction models, extended analysis of how and why firms fail can result in understanding (Pretorius, 2008) and corrective actions to lower the likelihood of business failure.

It is often easier to pinpoint why or how a failure occurred than to explain why or how a success happened; thus, failure analysis can be a powerful method for studying business uncertainty (McGrath, 1999). The theme park events detailed in this study each represent an opportunity to "pinpoint" where a potential failure or success originated.

A contribution that comes from the study of business collapse and bankruptcy is the inclusion of cases and analysis from firms that failed to survive. Medical science often progresses by studying not only healthy patients but also devoting effort to patients who did not survive (Thornhill & Amit, 2003). In contrast, studies of business firms frequently neglect to include non-survivors in the units of analysis; aside from neglecting to reveal insights from the failure process, focusing exclusively on surviving firms can, potentially, bias the research findings (Daily, 1994). Oversampling successes and under-sampling failures adversely impacts the validity of generalizing from observations (McGrath, 1999). Potentially the greatest rationale for this proposed study is to give a hearing to those theme parks that have failed, and take from them a better understanding of the business failure process in this industry.

A last consideration of the rationale for studying failure is to acknowledge that there are benefits that result from the bankruptcy and failure of businesses (Knott & Posen, 2005). In an economy, high rates of business "founding and exiting" is a sign of economic vibrancy (McGrath, 1999, p. 16). In highly concentrated industries, it is assumed that the healthy competitors benefit from the struggles of the weaker players (Lang & Stulz, 1992).

Causes of Failure

Much of the failure analysis literature is devoted to making predictions of when will a struggling firm eventually fail. Generally, most of these prediction models are based on evaluating financial symptoms of distress while neglecting more fundamental *causes* of failure (Ooghe & De Prijcker, 2008). When the focus of analysis is directed on the causes of failure, the assumption becomes that some variables are causing (or contributing) to the failure of some firms while others survive. Thus, another segment of failure research has focused on identifying and testing the many suspected causes of failure.

Before dissecting the various causes of failure, it is valid to consider if preconditions to failure actually exist. Many researchers expect that these preconditions do exist but acknowledge that they are not very apparent, especially during the early stages of decline (Pretorius, 2008). Another issue for consideration is that firms do not fail due to a single cause but due to multiple causes; a strong firm can survive one or two traditional failure factors, but the addition of multiple failure causes ultimately will result in collapse (Headd, 2003; Miller, 1977).

Age, Specifically Youth or the Newness of the Firm

An often-identified cause of business failure has to do with the age of the business. More specifically, the youth or newness of the business is a contributing cause of business failure. Young firms have not yet built up external legitimacy or stable relationships with stakeholders (Ooghe & De Prijcker, 2008), outside individuals and organizations (Stinchcombe, 1965), or customers (Thornhill & Amit, 2003).

A lack of resources, both financial and managerial, contribute to failure in the new firm. Thornhill and Amit (2003, p. 500) refer to this as "the essence of the liability of newness;" young firms often do not have sufficient resources to execute their strategy. Other financial traps that

young firms succumb to include: product marketing failures; too great a reliance on one customer; undercapitalization; and assuming too much debt too early (Pretorius, 2008). The financial challenges of newness dogged several theme parks in this study (at least three parks opened and closed within a six-month timeframe); also, numerous parks were challenged and some eventually failed due to being undercapitalized and over-leveraged.

A lack of managerial resources is another contributor to failure. New businesses often lack general management and financial management skills at the leadership level; additionally, there is a lack of skills and organizational routines throughout the firm that results in ineffective teams, a lack of understanding of specific roles among employees and departments in the new firm, and conflicts and general inefficiencies (Pretorius, 2008; Thornhill & Amit, 2003).

In spite of all these challenges faced by young firms, failure among very new companies is sometimes averted due to something known as the "honeymoon period;" in other words, the initial funding raised before starting a new business is frequently sufficient to buffer the organization through its first months of challenges and mistakes (Thornhill & Amit, 2003, p. 498). As these startup resources are consumed, there tends to be an increase in the rate of failure among what Pretorius (2008, p. 413) referred to as "adolescent firms."

Smallness

The size of a firm is considered a factor in determining success or failure. From a statistical standpoint, the larger of any two firms will have a lower likelihood of failure (Beaver, 1966). Small firms are more susceptible to failure due to their lack of financial resources or access to financial lending or extensions of credit. Additionally, small firms are often undercapitalized, are likely to have inadequate cash flows, have sub-par accounting and billing systems, and do a poor job of optimally pricing products and services, and targeting potential

markets. Small firms are also more prone to being impacted adversely by market contractions (Kale & Arditi, 1998; Pretorius, 2008). Another competitive disadvantage faced by small firms is that they tend to be run by less experienced managers with fewer business insights, who are more rigid in their business approach, are more likely to engage in nepotism, do a poor job when selecting employees, and tend to be unwilling to delegate authority. A final liability of smallness is that the small company is unable to attract competent employees, and does not have the size needed to deploy the concepts of a learning organization – where market and execution challenges are responded to with improved processes (Kale & Arditi, 1998).

Most business failure analysis research (Daily, 1994) recognizes that newness and smallness tend to go together: young firms are typically small. But of these two business traits, newness is more of a liability than smallness (Kale & Arditi, 1998; Ooghe & De Prijcker, 2008; Pretorius, 2008).

Largeness

Large firms are less likely to fail than small firms (Pretorius, 2008) for a variety of reasons. Large firms have greater access to loans and credit; large firms are more likely to survive an exogenous crisis or managerial mistakes; large firms benefit from economies of scale; thus they are often more efficient. Moreover, large firms tend to be better-managed (Fredland & Morris, 1976). Failures at older, established firms tend to be due to external, environmental factors and changing market factors (Pretorius, 2008).

Industry Affiliation

The industry sector of the enterprise has been shown to be a determining factor in failure rates. Companies with similar financial profiles but in different industries have been shown to have different probabilities of failure (Ooghe & De Prijcker, 2008). Diversified companies fail

for different reasons than do pure-play (industry-specific) companies (Miller, 1977). High technology companies are challenged by different threats than are companies in what are considered more stable industries. High among unstable industries, most prone to failures, are enterprises in the food, beverage and accommodations sectors (Thornhill & Amit, 2003). Snyder and Glueck (1982) devised a model to examine the environmental volatility within an industry – in other words, which industries are inherently more volatile than others. Volatility was defined as the average variation in sales in one industry divided by the average sales revenue in that industry. The assumption is that a more volatile operating environment will result in a greater percentage of business failures. Snyder and Glueck showed that electronic computing equipment was more volatile than medical chemicals, which was more volatile than tires and inner tubes, which was more volatile than confectionary products. DeNoble and Olsen (1986) applied this framework to the food service industry and showed that it was more volatile than any of the industry segments included in Snyder and Glueck's study. No such analysis has been applied to the theme park sector, but it could be illuminating.

Outside / External Causes

Broadly speaking, causes of business failure can be divided among factors external to the company and factors from within (internal) to the company. Most businesses that fail do so as a result of internal factors (Boyle & Desai, 1991; Fredland & Morris, 1976; Theng & Boon, 1996), but the impacts of external factors is also an area of study. External or exogenous failure factors can be grouped into two types: causes that affect all businesses in general (for example national economic recessions, tight credit conditions or even regional economic declines (Fredland & Morris, 1976; Pretorius, 2008), and causes unique to a specific firm or industry (for example, a large competitor opens in close proximity to the firm)

Keasey and Watson (1991) were able to show that a firm's performance and overall rates of failure are correlated with levels of macroeconomic activity. For the theme park sector and this study, the influence of the macro economy impacts all theme parks equally; thus it is unlikely to be shown that the economy was an "event" experienced more often by failed parks than surviving parks. However, Knott and Posen (2005) analyzed firms founded during periods of adverse environmental conditions and demonstrated that they exhibit high failure rates initially, but those that survive this period of challenge then tend to survive at a rate greater than similar firms founded in times of economic prosperity. For this study, a course of analysis can be to determine if theme parks opened in a certain decade were more likely to fail or survive than those founded at another period of time.

An external factor of concern for any business is carrying capacity – "the ability of the environment [a market] to support a population of firms" (Hannan & Freeman, 1977). Outside of the destination theme park markets of Los Angeles and Orlando, no market (excepting the greater Washington, D.C. area, and the tourist market of San Antonio, Texas) has managed to support the long-term prosperity of two theme parks in one regional market. This could become an "event" in this study: the proximity of competing theme parks as a factor contributing to overall success or failure.

An outside factor of interest is the concept of contagion. Any bankruptcy in an industry sector threatens all other firms in that same sector – any bankruptcy can signal to the market that the overall industry is weak (Daily, 1994). A bankruptcy announcement of one company reveals negative information about a sector's cash flow and profitability. A bankruptcy announcement of one company makes both customers and suppliers concerned about the financial health of every other company in the industry (Bernanke, 1983; Lang & Stulz, 1992). Within the theme

park industry, high impact failures appear to have limited the growth of the industry – the New York City theme park failure (Freedomland) in 1964 potentially held back the full expansion of the industry until the early 1970s; similarly, Hard Rock Park's rapid failure in 2008 has cast doubt that a new regional theme park development in North America can succeed.

One last external contributor to failure is related to the relative per capita income of an area; failure among firms is more common within high per capita, rapidly growing areas. The belief is that more firms are likely to enter markets in growing and high-income areas; thus more are likely to fail in these areas (Fredland & Morris, 1976). Another potential for this study is to consider if more theme parks have failed in high income markets versus more moribund economic markets.

Internal Causes

To transition to the more common internal causes of business failure, it is worth noting that business failure is often not solely due to the inability to adjust to external market conditions, but is often due to the inability to adjust to external factors along with a combination of limiting internal factors (Pretorius, 2008).

Commonly cited internal causes of failure hark back to the fundamentals of a lack of capital, cash flow issues, eroding profit margins, lack of control over spending, and excessive overhead (Longenecker et al., 1999; Pretorius, 2008). Cash flow issues are one of the most frequently cited causes of business failure, but it has been argued that poor cash flow is a result of other business failings rather than being the ultimate cause of failure (Ooghe & De Prijcker, 2008). Debt, that other most frequently cited failure cause, can be simply too much debt or the inability to structure and manage it (Bollen, Mertens, Meuwissan, Van Roak & Schelleman, 2005; Scherrer, 2003). Other financial or marketing-related failure causes include having an

inappropriate marketing strategy or engaging in a failed market expansion (Longenecker et al., 1999; Pretorius, 2008). Again quite fundamentally, failure to satisfy customers is an internal contributor to failure, for example: failure to understand the demands of customers; or not knowing customers or the competition that is attempting to appeal to established customers. And, an inability to differentiate the product line and the failure to develop new products or expand into new markets are other internal causes of failure (Longenecker et al., 1999).

Many of the common internal factors that are attributed to failure revolve around issues of internal leadership and organizational culture. Poor executive leadership is a cause, as is poor management at the next level down in the organization. Dominant CEOs, high turnover among top management, low expertise in marketing, sales, operations, and research and development (Hambrick & D'Aveni, 1992), and the failure to create a clear vision for the organization are oft-cited senior management contributors to failure. Self-deception among executives – not recognizing challenges and failures and taking appropriate actions to correct them – can put the organization on the path to failure. Such sustained leadership failures lead to a loss of leadership credibility (Longenecker et al, 1999).

Among the cultural issues involving the employees within an organization that contribute to failure are a variety of topics: a lack of skills and needed behaviors; short-sighted views of the future; lack of creativity and innovation; a lack of knowledge of the company's products; low morale; hierarchical and cultural rigidity; resistance to change; blaming leadership; and excessive turnover of competent staff (Longenecker et al., 1999; Pretorius, 2008).

Other internal failure factors can be categorized as structural to the organization. Failure can come from ineffective management information systems, ineffective operating processes, unclear performance standards, lack of continuous improvement practices, increased

centralization, lack of long-term planning, or curtailed innovation (Longenecker et al., 1999; Pretorius, 2008). Among failed firms, the CEO is frequently more likely to serve as the chairman of the board than at successful firms (Daily, 1994). Bankrupt firms tend to be less diversified than surviving firms (Sheppard, 1993). Lastly, failed firms are more likely to engage in improperly (overly optimistic) planned expansions, and the resulting delays in the openings of new facilities or the release of new products (Camillo et al., 2008). Failed firms have been shown to engage in the manipulation of financial statements and graft in general (Keasey & Watson, 1991). A couple of theme park failures have been scrutinized due to allegations of financial impropriety and such instances will be considered to be "events" in the current study.

Strategies Used to Avoid Bankruptcy

Common among firms that are failing is to seek out a company to merge with (Hamer, 1983). Shrieves and Stevens (1979) and Peel and Wilson (1989) showed that 15 to 17% of firms that had merged exhibited signs of financial distress in the year before their merger, versus less than 5% among all firms. Mergers are endemic within the theme park industry, and mergers will be an "event" tracked in this study.

Other traits exhibited by businesses that are actively avoiding bankruptcy include observing industry trends, a willingness to adapt to market changes, being self-financed, having external investors, possession of detailed knowledge of their industry, and having well-defined business and marketing plans (Camillo et al., 2008). Headd (2003) focused on traits of surviving firms and noted that they were more likely not to be home based, the owners had previous ownership experience, there were multiple owners of the business, the owners were older, and the owners started the business for personal reasons, which gives them more motivation to keep

the business going. A study by Cooper, Dunkelberg and Woo (1989) indicated that surviving businesses are more likely to be founded by older, non-minority, males with college educations.

Failure Analysis Models

Within the business failure analysis literature, a number of theories on why companies fail have been developed and tested. At the most condensed level, four thoughts as to why businesses decline and fail have been identified: failure at the top (deficiencies in senior management); customer (often product) and marketing failures; financial management failures; and system and structural failures (Longenecker et al., 1999). Some of the common failure theories can be considered to apply to large organizations versus smaller organizations (Richardson, Nwankwo & Richardson, 1994), while other authors (Miller, 1977) have made note of the universal applicability of the failure theories. In Miller's study of 40 failed companies, 80% were able to be categorized into one of the four failure theory types proposed.

Boiled Frog Theory

The boiled frog theory is also known as the "stagnant bureaucracy" theory (Miller, 1977); an established and formerly successful organization becomes complacent and begins to ignore customers, competitors and technology innovations, while demand for its products begins to diminish and environmental scanning and market analysis is ignored (Richardson et al., 1994). The organization is often dominated by a "power-hoarding" chief executive who is averse to change, explains decreasing profits on temporary influences (Oogghe & De Prijcker, 2008) and is blind to different and emerging businesses. Management focuses on day-to-day business operations while the competition steals away market share (Richardson et al., 1994).

Traits of the boiled frog company include increasing bureaucracy, a "meetings culture," a focus on organizational growth rather than growth in production or profits, low motivation

among employees with benefits awarded without increases to productivity, and a culture that seeks consensus and compromise (Richardson et al., 1994). These types of firms ultimately fail quickly and dramatically. The first performance stumble is often overlooked due to the reputation of the company and its established product lines. This period of often-unnoticed decline lasts two to ten years then it quickly plunges into failure (Argenti, 1976), while its culture of hierarchical control and diluted responsibility contributes to its inability to reorganize (Ooghe & De Prijcker, 2008).

Drowned Frog Theory

In keeping with the amphibian analogies, a second common failure theory is that of the drowned frog, also known as the dazzled growth company (Ooghe & De Prijcker, 2008), the impulsive syndrome or running blind (Miller, 1977). Typically this is a young company that has experienced impressive growth. It is led by a domineering CEO who is an expert in the industry, who is a gifted salesman, autocratic, charismatic, and brimming with ideas, ambition and "hyperactivity." In a small company, this person is the ambitious entrepreneur, at a large company this person is the "conglomerate kingmaker" (Ooghe & De Prijcker, 2008; Richardson et al., 1994;).

In the drowned frog company, based on its initial business success, management becomes overly optimistic and pursues aggressive growth through product diversification and rapid expansion into new markets. The pace of the growth "overtaxes" both the financial and managerial resources of the organization (Miller, 1977; Ooghe & De Prijcker, 2008).

Companies exhibiting drowned frog traits often expand too fast without introducing the professional management systems needed to support the growth. They begin to lose control of strategic planning, they overestimate sales, and they have high expenses, resulting in

overwhelming debt. As performance slows, the company's reaction is to expand and diversify its product lines to the point of absurdity (Richardson et al., 1994). Ultimately, the failure is even more spectacular than the rise: insufficient profits, cash flow issues, and finally liquidity and solvency issues result in business collapse (Ooghe & De Prijcker, 2008). The drowned frog syndrome is potentially manifest in a number of theme park failures to be considered.

Failed Startup Theory

A failed startup is defined as a company that fails within five years of its founding, it fails to ever become a proper business; or the failed startup can be the big project at a large organization that becomes such an expensive failure that it manages to bring the entire corporation down. Again, in keeping with the frog metaphor, this failure type is sometimes referred to as "tadpoles" (Richardson et al., 1994; Pretorius, 2008). Failed startups are characterized by a lack of managerial or industry-related experience, heavy capital expenditures, insufficient control mechanisms, operational inefficiencies, underestimated expenses, no strategic advantage (relative to competitors), limited growth, low sales levels, low profitability, low cash flow, and liquidity problems. In some cases, management realizes that there is a need to restructure, but the company finds that it is a struggle to obtain additional capital and fails in its bid to restructure (Ooghe & De Prijcker, 2008). Several theme parks fit this characterization as failed startups.

Failed Turnaround Theory

The failed turnaround is the established company that is faced with an overwhelming need to completely restructure in order to survive. This theory is sometimes referred to as swimming upstream (which a frog might have to do at times). A typical failed turnaround situation involves a new CEO who has been appointed to carry out the turnaround. The CEO

surrounds himself with a group of new employees he brought with him. The new leadership distrusts the old management team and finds it difficult to gain the support or cooperation of the staff that is needed to achieve the turnaround. The new CEO pushes the organization a bit too much and tries to do too many things at once, ultimately leading to failure (Miller, 1977). Theme parks, often characterized by frequent changes in management and ownership, have been subjected to turnarounds, successful and not. From the perspective of the events approach, changes in ownership will be tracked as "events" relevant to turnaround theory.

Lack of Leadership Theory

A last theory of failure analysis is known as "the headless firm" or lack of leadership theory. This type of failure often occurs at large, diversified companies operating in markets that have experienced recent, dramatic change. An ineffective company leader creates a leadership vacuum and an organization lacking a defined strategy. Product/service innovation is low, resulting in loss of market share, loss of profits and the ultimate demise (Miller, 1977).

Seminal Failure Analysis Studies

Although businesses have always failed, the formal study of why firms failed did not begin until the 1960s. Beaver (1966) utilized a simple univariate model to predict bankruptcy (Kim & Gu, 2006). Beaver's study explored what financial ratios might be predictors of the ultimate demise of a firm. The study used 79 failed subject firms operating in 38 different industries. Thirty financial ratios were tested for their ability to predict the failure of a firm five years in the future. Of the 30 ratios tested, five were determined best at predicting subsequent failure: cash flow to total debt; net income to assets; total debt to total assets; working capital to total assets; and current ratio.

Edward Altman is considered the leader in the field of bankruptcy studies/business failure prediction studies (Altman, 1968; 1983). He was the first to use a multivariate model. His initial study made a comparison of 33 failed manufacturing firms to 33 surviving firms. Twenty-two variables (ratios) were considered and five ratios were determined to be significant in the prediction of financial failure: working capital to total assets; market value of equity to par value of debt; sales to total assets; retained earnings to total assets; and earnings before interest and taxes (EBIT) to total assets. The predictive ability of Altman's model was 79% one year prior to failure, and 95% three years prior to the failure.

Many of the significant authors after Altman used their studies to refine his work. Deakin in 1972 improved on Altman's results by using 14 financial ratios. Blum in 1974 achieved a one-year prediction rate of 94%. Thornhill and Amit (2003) veered from just attempting to improve on the results of earlier studies and examined the differences among firms that failed early in their existence versus those that survived through their "adolescence."

Failure Analysis Studies in the Hospitality Industry

The hospitality industry is prone to business failures but few studies attempt to analyze this phenomenon (Gu & Gao, 2000; Kim & Gu, 2006). Adams in 1995 tested Altman's model on United Kingdom leisure and hotel companies and concluded that more research was needed. In 2000, Gu and Gao initiated a study to identify the "financial features" of hospitality firms that are prone to failure. They used 14 financial ratios to create a multivariate discriminant (logistic regression) model that achieved a 93% accuracy rate of assigning sample firms into bankrupt and non-bankrupt categories. Their findings suggest that within the U.S. hospitality industry, the firms most likely to go bankrupt are those that are unprofitable and with debt, especially short-term liabilities. Other attributes among the subject firms that lead to business failure were rapid

expansions and, counterintuitively, fast sales growth. Successful firms were profitable, had manageable debt, slow but steady sales growth, and again somewhat counterintuitively, high long-term debt.

Kim and Gu in 2006 also completed a logistic regression study with 13 independent variables tested on 16 failed and 16 surviving hospitality firms (restaurants, hotels and casinos). This model's accuracy was able to correctly predict a forthcoming bankruptcy 91% of the time one year out from the failure event, and 84% of the time two years out (a rate similar to the results achieved in comparable studies conducted within other industries). In the end, operating cash flows to total liabilities was the only significant predicting variable. The findings suggest that a hospitality firm is most likely to go bankrupt if it has low operating cash flows and high total liabilities. Kim and Gu's recommendations are that hospitality firms should pursue conservative sales growth strategies, avoid debt-financing, and maintain control over operating expenses, especially labor costs.

Restaurant Failure Analysis

Within the hospitality industry, the most robust failure analysis literature is devoted to restaurant failures. Restaurant failures have been shown to result more from factors internal to the business than external factors (Parsa et al., 2005), specifically, restaurant failures result from an "under-estimation of the difficulty of the business environment," a lack of industry specialized knowledge, management incompetence, loss of motivation among management, unwillingness of management to give the business sufficient attention, and a general misunderstanding of a business owner's lifestyle (Camillo et al., 2008, p. 366). Regardless of what are the causes of the failure, researchers in the field of restaurant failure are faced with a

lack of sufficient data – a lack of data to predict failure but also to determine the characteristics of the process of restaurant failure (Gu & Gao, 2000; Camillo et al., 2008).

The rate of failure among restaurants is 30% – with 25% of restaurant failures occurring within the first year of operation. By the third year of operation, 60% of restaurant operations have failed (Parsa et al., 2005). The low entry barriers to the restaurant business ultimately contribute to the high failure rates among smaller firms. Within the sector, larger is better; larger restaurants utilize more financial and human resources, resulting in higher survival rates (Parsa, Self, Sydnor-Busso, & Yeon, 2011).

Attributes of failed restaurant businesses include: the lack of a feasibility study, no advertising plan, inexperienced operators, and a lack of needed cost accounting. Other attributes associated with restaurant failures include: management turnover, revenue losses, loan defaults and royalty defaults. Failure attributes specific to restaurants include the failure to adequately promote the restaurant concept, and the failure to cost out the recipes (Kwansa & Parsa, 1990; Camillo et al., 2008). Restaurants that do manage to succeed successfully differentiate themselves from their competition (Parsa et al., 2005). And, being a chain restaurant results in a greater likelihood of surviving than being an independent restaurant – independent restaurants in Parsa and colleagues' study (2011) had a mean survival time of five years, eight months, versus nine years for chain restaurants.

Hotel Failure Analysis

The lodging sector of the hospitality industry is well analyzed, but literature devoted to failure analysis in this area is critically lacking. Compared to restaurants, hotels tend to represent more substantial investments and are characterized by inflexible supply constraints (it takes time to construct properties when the demand warrants) and volatile market demand over time (Chen

& Yeh, 2012). Demand for lodging properties in the U.S. is linked with gross domestic product fluctuations (Romeo, 1997; Wheaton & Rossoff, 1998). Attributes that have been shown to play a part in hotel survival or failure include, profitability, room rates, average operating revenue per employee, chain affiliation (international hotel chain affiliation reduces the risk of failure), and market concentration – a higher concentration of hotels in a geographic area decreases the risk of failure (Chen & Yeh, 2012). Chen and Yeh's (2012) study of 72 international hotels showed that 19% of the subject hotels ultimately failed. Among the fourteen failed firms, 29% (four) failed due to natural disasters. Like hotels, theme parks represent large investments; thus it would be fruitful to consider the causes of hotel failures when hypothesizing the potential failure causes of theme parks, but like theme parks, hotel failure analysis is scant. Nonetheless, the lodging industry concept of market concentration and its influence on success or failure might also be applicable to theme parks – do theme parks flourish when multiple enterprises enter a market or is this a contributor to failures? And, what is the incidence of theme park failure due to natural disasters?

Event Failure Analysis

Within the hospitality industry is the fair, festival or special event sector. Limited research has been directed at why events fail, but an exploratory study on the causes of festival failure was conducted by Getz in 2002. Getz sought to reveal the frequency and causes of event failures. One hundred members of the International Festivals and Events Association were surveyed, 39 responses were received. Seventy-nine percent of respondents were aware of an event failure, mentioning 29 distinct festival failures. Thirty-six percent of the respondents were not just aware of festival failures but had been personally involved with one. Festival failure was attributed to: a lack of resources; a lack of volunteers; complaints from disgruntled merchants;

community opposition; poor weather; riots; a lack of vision; a lack of management; funding being cutoff; fiscal mismanagement; inadequate sponsorship; inadequate marketing and planning; inattention to the program; poor service quality; competition from similar events in the area; over-reliance on one source of funding; internal divisions; and such practical considerations as the local government banning beer sales at the festival venue.

Of course the next entry in this review of failure analysis in the hospitality industry should be devoted to the literature on business failures and closures in the attractions and theme park sector. There are most definitively failures and closures in this sector but the documentation is non-existent. This study aims to explore the causes of failure and closure in this segment of the hospitality industry.

To study failure analysis in a new industry sector, a first step is to identify the most appropriate statistical method to use.

Failure Analysis—Statistical Methods Employed

To analyze or predict failure, most authors have focused on financial information as the potential cause (Dimitras, Zanakis, & Zopounidis, 1996; Ooghe & De Prijcker, 2008; Pretorius, 2008). And, the most commonly used financial method to predict failure is *ratio analysis* (Daily, 1994; Ohlson, 1980; Pretorius, 2008). The assumption is that the probability of a firm ending up bankrupt can be predicted up to five years prior to the failure event based on the data reported in a company's publicly-available financial statements (Daily, 1994; Gu & Gao, 2000) – ratio analysis determines if a firm's financial profile aligns with the financial profile of failed firms (Keasey & Watson, 1991). At an aggregated level, those ratios that have been proven to predict subsequent failures are related to the size of the company, measures of a company's financial structure, measures of its performance, and measures of its current liquidity (Ohlson, 1980).

Although ratio analysis is commonly used, it has its limitations. Despite the vast number of ratio studies that have been performed, there is no overall agreement on which ratios, factors, or independent variables are "crucial" to the prediction of failure. To some extent this is due to the varying timeframes of the studies, the varying geographic areas covered in the studies, and the wide range of industries that were the focus of these studies (Pretorius, 2008). In the majority of these studies, the theoretical connection between the independent variables and the dependent variable is missing; without a theory, it is difficult to employ statistical analysis of the ratios and expect a sustained correlation that leads to a generalization (Aziz et al., 1988). Also, this approach does not enable the significance of individual independent variables to be determined (Keasey & Watson, 1991). Structurally there are other limitations to the use of ratio analysis: it requires several years of data, which will be unavailable to new companies; and financial data is not available for non-publically traded companies (Hamer, 1983). Lastly, financial ratios are merely the symptoms of business failure – on their own, they have no ability to provide significant insights into the actual cause of failure at a firm (Argenti, 1976; Keasey & Watson, 1991).

Ratio analysis has been employed by Beaver (1966), Altman (1968), Deakin (1972), Blum (1974), and Dambolena and Khoury (1980). To conduct a ratio analysis utilizing multiple regression requires a normal distribution among the ratios used as the independent variables, and requires a random sampling of the bankrupt and surviving firms (Kim & Gu, 2006; Pretorius, 2008).

Multiple discriminant analysis (multiple regression) models have achieved success in utilizing financial ratios to predict the probability of business failure, also frequently used are *logistic regression models*. Logistic models are considered to be slightly superior to the multiple

regression models in terms of their predictive ability (Aziz et al., 1988). To some extent, these logit analysis models avoid many of the limitations associated with the multiple discriminant analyses (Ohlson, 1980) and have fewer of the demanding assumptions of other methods (Keasey & Watson, 1991). Logistic regression attempts to construct a model that best describes group membership (failed firms or surviving firms) by maximizing the joint probability of failure among failed firms and the joint probability of success among the surviving firms; logistic regression also provides the ability to determine the significance of individual variables included in the models (Keasey & Watson, 1991; Youn & Gu, 2010). Notable approaches using logistic regression include Ohlson (1980), Zavgren (1985), Lennox (1999), and Darayseh, Waples and Tsoukalas (2003). Ohlson's model (1980) incorporated nine independent variables and achieved 92% accuracy in predicting bankruptcy two years out from the event. Similarly, Zavgren (1985) used a logistic regression model to predict bankruptcy one to five years in advance and achieved lower error rates than comparable multiple regression models. Darayseh, Waples and Tsoukalas (2003) included a number of macroeconomic variables in their model in addition to the more common use of only financial ratios.

A number of authors have conducted studies intended to *compare the various regression models* used to predict failure: Press and Wilson (1978); Collens and Green (1982); Hamer (1983); Lo (1986); Theodossiou (1991); and Lennox (1999). The consensus is that results are mixed (Kim & Gu, 2006). Hamer (1983) used the same variables with both linear and logistic regression and concluded the models performed comparably. Similarly, Lo (1986) compared multiple regression and logistic regression and achieved consistent results. Theodossiou (1991) showed that logistic regression outperformed linear regression. Lennox (1999) showed that a logistic regression model outperformed a similar multiple regression model.

Contemporary approaches to failure analysis have been more receptive to the *inclusion of qualitative data or non-financial measures* in the models. Authors have recognized that failure is "multi-dimensional." Non-financial variables are part of the "signs" of eventual failure and the use of non-financial prediction variables can improve failure prediction (Keasey & Watson, 1987). Neglecting qualitative data constrains the usefulness of business failure models – non-financial data is not evaluated in a vacuum by investors and Wall Street analysts, but is seen as a complement to the perceived rigor of the traditional financial data (Tennyson, Ingram & Dugan, 1990).

Non-financial measures that have been used productively in analytical studies have included share price movement, bond ratings, interest rates (Keasey & Watson, 1991), record-keeping, industry experience, management experience, the use of professional advisors, levels of education among management, staffing levels (Lussier, 1995), management character, payment disturbances, group membership among managers, and firm traits such as size and productivity efficiency (Back, 2005). The Lussier study (1995) showed that successful firms were more likely to make use of formal professional advice (consultants) and went through the effort to develop more specific business plans, while failed firms were more likely to be headed by less educated managers and struggled to acquire quality staff. Back's study (2005) showed that the use of these qualitative variables in conjunction with financial ratios results in greater accuracy of failure prediction.

In line with the use of non-financial ratios to improve failure prediction is the adoption of the *case study approach*. Case studies are useful when analyzing "the evolution of a phenomenon or when more than just measurable data are analyzed" (Ooghe & De Prijcker, 2008, p. 226). Case studies can flesh out the understanding of an individual firm's process of

failure; new understandings of failure can be gained from this "fine-grained" approach to a company's demise (Daily, 1994). Another approach to enhance the case study method is to incorporate inputs from human experts into the analysis. Expert feedback increases the range and variety of informational inputs to the failure prediction and analysis (Keasey & Watson, 1991).

This study of theme park failures does not formally adopt the methods of the case study approach, but the constrained sample size and the events approach methodology encourages a receptiveness to this type of approach. Kwortnik (2003) stressed that a suitable sample size for achieving an understanding of a phenomenon through the use of qualitative research is a minimum of twelve. The sample size among the failed theme parks in this study is at least twice the number recommended by Kwortnik.

For this study, ratio analysis would have simplified the study design, but for theme parks the balance sheet-specific ratio data is not typically available. Many theme parks in the past were privately owned, thus they were not required to disclose the types of financial figures needed to carry out this analysis. Other theme park ventures are operated by publicly traded corporations that disclose financial data, but the operations of the individual theme parks are either reported at a consolidated level (in other words the results of a number of theme parks are combined in the financial reporting) or are reported as a part of a greater business segment so that the results reflect more than just the theme park operations. (For example, Walt Disney Attractions' financial results include theme park financials but also financials on the Company's cruise line interests, the numerous resorts, time-share sales and even its guided tour operations.)

A case study of the failed theme parks could have sufficed to complete a study, but it would have failed to make the comparison with the theme parks that have survived over time.

Thus, the events approach was selected as the ideal approach to incorporate park-specific financial ratios and financial data along with non-financial and qualitative event data to draw comparison and insights into both failure and survival in the theme park industry.

Findings

Throughout this chapter, prior business failure analysis studies have been scoured to identify research questions that can be transformed into relevant hypotheses in this study. These will be summarized in this conclusion and the working hypotheses of this study will be elaborated on in the subsequent chapter.

Prior bankruptcy studies have used a diverse array of definitions for failure. This study uses a most stringent definition, "the closure of the business as an operating concern." The average life expectancy of all firms is 12.5 years while the average lifespan of larger multinational corporations is 40 to 50 years; the oldest theme park is just over 60 years, while the mean age of all the theme parks included in this study is 25.9 years.

Much of the research in this field probes into the specific causes of failure; for example, the newness of the firm – are theme parks more likely to fail in the early years of their operation? The size of an organization is often listed as a cause – are theme parks backed by large corporations more likely to survive than independently-owned parks? Does industry affiliation factor into the rate of failure of a firm – are theme parks more susceptible to failure than firms in other more stable industries? Do external causes, such as the economy, competition, social movements or political events, impact rates of failure? Or, are internal factors, such as cash flow, debt levels, poor management, or bad marketing, more likely contributors to failure? Do external or internal factors or a combination of both lead to theme park failures?

Methods to avoid bankruptcy are focused on by many authors. Merger activity is often seen as a means to circumvent impending failure – mergers have been common events in the theme park industry; are theme parks that have merged with or been acquired by other theme park operators more likely to fail or survive?

Models that have been devised to describe the process of business failure represent a healthy segment of the business failure analysis literature. Do theme park failures fit within any of these models and what insights can this provide into the process of theme park failure?

Seminal failure analysis studies have employed multiple regression and logistic regression analysis. Unfortunately, the theme park industry does not lend itself to such an analysis due to the lack of publicly available financial ratio data. Therefore, this initial study of business failure analysis in the North American theme park industry will utilize an events approach to the causes of theme park failure.

CHAPTER THREE: METHODOLOGY

Introduction

This study performed an events approach methodology to determine if specific events (economic, financial or organizational) in the lifespan of theme parks play a contributing role in their failure and/or eventual closure. The complete population of the 23 failed North American theme parks, compared with an equal and comparable number of surviving theme parks served as the units of analysis for the study.

The study's hypotheses asked if certain events are more likely to occur among those parks that ultimately close than at the parks that have survived, and then explored for relationships among the failed/closed theme parks to determine what were the most common contributors to failure/closure among the event variables. To statistically test the hypothesis that considered event variables between failed/closed theme parks versus surviving theme parks, the chi-square test of statistical significance was utilized. To statistically test the hypotheses that compared the relative contribution of event variables to park closure among the failed/closed theme park sample, *z*-tests for differences of proportions were performed.

Failure, defined in this study as the closure (voluntarily or involuntarily) of a once operating theme park entity, has occurred at a rate of 31%; in other words, of the approximately 75 theme parks that have opened in North America since 1955, almost one in three have failed and closed (Kaak, 2010). The first step to prevent such failures in the future is to have the ability to identify what factors precede such closures. As the industry expands into the developing

regions of Asia and Latin America, such heightened knowledge of the industry could lead to more successful and efficient operations and could have an impact on investment decisions. Within the mature and highly competitive North American theme park sector, these findings may enhance current operations and contribute to improving profits.

The data collection for this study was derived from publicly-available, published, media sources spanning the entire history of the theme park industry. Events that have been identified as potential contributors to business failure from prior events approach studies and the business failure / bankruptcy literature reviewed in Chapter Two were also considered in the analysis.

Research Design Strategy

This study made use of the "events approach" research design. The events approach method has been applied on only a limited basis; a more common research design is the "event study," which will be detailed prior to explaining the events approach.

Event Study Overview

The events study can be considered as the methodological precursor to the events approach. The event study methodological approach developed from the accounting discipline as a way to measure how events – both financial and non-financial – can have a short-term influence on a company's stock price. Initially, the method was applied exclusively within the disciplines of investing and accounting but was later extended to the fields of corporate finance, economics (Binder, 1998), and eventually to the social sciences, including hospitality (Chen 2012; Gift & Gift, 2011; Jayanti & Jayanti, 2011; Kim, Kim & Hancer, 2009; Lertwachara & Cochran, 2007).

The event study approach was developed by Sorter (1969). Event studies fall within two categories: market efficiency studies that examine how fast and how correctly the market reacts

to new information released about a publicly traded company through fluctuations in its stock price; and information usefulness studies that examine the degree (percent upward or downward) of the reaction of a company's share price to a specific news release (Henderson, 1990). An example of a market efficiency study would be an investigation of how quickly and correctly the stock market reacts to the announcement of a company's stock split (Fama, Fisher, Jensen & Roll, 1969). An information usefulness study would assess the value of the information provided in a company's annual earnings announcements (Ball & Brown, 1968).

The procedural steps in an event study consist of defining the exact date on which the market would have received the news of the event, determining what would have been the expected returns of the companies under study in the absence of this news (based on historic trends of the rates of return), then measuring the difference between the returns after the news event and the anticipated returns had there been no event. Finally, a statistical test is performed to determine if there is a significant difference between the reaction to the news and the anticipated normalized returns (Henderson, 1990).

Within the tourism and hospitality fields, event studies have been conducted to analyze a number of contemporary topics. In 2007, Lertwachara and Cochran used an event study method to determine what impact the relocation of an existing franchise or the expansion of a new franchise of a U.S. professional sports team (baseball, football, basketball or hockey) had on the economy of the home city. The results showed that this "event" corresponded to a decline in the overall growth rate of per capita income for the city.

The effects of information technology (IT) investment announcements on the market value of casino, hotel and restaurant firms indicated a slight positive relationship between IT investment announcements and stock prices (Kim, Kim, & Hancer, 2009). On several occasions

at the beginning of his administration, President Barack Obama made disparaging remarks about visiting and spending money gambling in Las Vegas. Gift and Gift (2011) used an event study methodology to determine the impact these comments had on U.S.-based casino-related businesses. The results suggested that these comments had a significant negative result (a 2 to 7% reduction) on the market capitalizations of large casino firms associated with the convention, trade show and tourism sector (for example, in addition to casino operations they also control hotel and attractions), but had a significant positive (1 to 6% increase) on the market capitalizations of casino firms with a local or regional focus.

In 2011, an event study was utilized to determine the effects of bankruptcy and shutdowns by major airline carriers on their competitors (Jayanti & Jayanti, 2011). Not surprisingly, bankruptcies and shutdowns resulted in "abnormal" positive returns for competitor carriers, while the eventual emergence from bankruptcy had a negative impact on rival firms' share prices. Chen (2012) used an event study to examine how the stocks of various hospitality firms reacted to public announcements from the Federal Open Market Committee (FOMC) regarding the federal funds target rate. The airline, gaming, hotel and travel companies included within the study experienced significant fluctuations to "surprise" (unexpected) announcements by the FOMC. Interestingly, the stocks of restaurant companies in the study did not react significantly to the same announcements; it was speculated that this was due to restaurants being less capital-intensive than the other industry sectors and thus are less dependent on finance costs.

Events Approach Overview

The events approach builds on the events study method. The events approach analyzes events that may or may not occur over a predetermined time period among a number of subject

companies and then determines which events may or may not contribute to differing outcomes: firm bankruptcy or closure, or firm survival.

The procedural steps in an event approach study begin with establishing a definition of failure or closure. The definition of failure in previous event studies have ranged from a sustained, deterioration of revenues (Giroux & Wiggins, 1984) to reorganization under Chapter 11 bankruptcy (Kwansa & Parsa, 1990). For this study, the most stringent form of "failure" was adopted: closure of the theme park operation, recognizing that closure can be due to involuntary financial complications or for voluntary reasons. The next step is to compile the units of analysis for the study. Study "subjects" can include companies from a variety of industries (Giroux & Wiggins, 1984) or can include companies from a particular industry segment (Kwansa & Parsa, 1990; Tavlin et al., 1989). This study will include only North American theme parks as the unit of analysis, more specifically, only those theme parks with annual attendance of less than five million per year. Whatever is the composition of the unit of analysis, the companies included in the study should be divided approximately evenly among failed and surviving firms. A timeframe of analysis must be established. A determination of what "events" will be considered in the analysis must be made; typically, the events to be considered in the study are based on a literature review of factors that have contributed to business failure in other companies. The next step is to inventory the occurrences of events among each set of businesses, both the survivors and the failed firms. Once this data has been assembled, a statistical test for each event must be performed to determine if a significant difference exists between the frequency of event occurrences among the two groups. The final step in the events approach is to report on which events are significantly more common among the failed companies/firms. The metrics that are

reported include: the percentage and frequency of failed firms experiencing the event, and the percentage and frequency of surviving firms experiencing the event.

Although not a broadly used method, the events approach has been previously applied in the field of hospitality as a means to investigate business failure. It has been recognized as a procedure for identifying *specific causes* or *specific characteristics* of bankrupt firms in contrast to the other bankruptcy study approaches that focus on predicting the likelihood of bankruptcy (Kwansa & Parsa, 1990). Used properly, the events approach can reveal information on the failure process that complements the information that can be obtained from financial ratio analysis by enabling the researcher to identify specific actions or events that lead to the failures (Tavlin et al., 1989).

Financial ratio analysis has been the predominate approach to empirically study bankruptcies (Giroux & Wiggins, 1984) but suitable financial data cannot always be obtained on firms that are small and/or not required to disclose publicly available financial data. Another shortcoming of the ratio analysis approach is that it can neglect to consider other significant events that contribute to business failures, such as debt accommodations or loan defaults. In contrast, the events approach can be used to identify the series of events that result in business failure (Kwansa & Parsa, 1990) or it can identify the order of events—what events precede other events —that ultimately lead to failure (Giroux & Wiggins, 1984).

An events approach can be used to scientifically contrast non-bankrupt firms from bankrupt firms. This research method can demonstrate that specific economic, financial or organizational events are unique to bankrupt firms (Giroux & Wiggins, 1984; Kwansa & Parsa, 1990). Once identified, these unique events can be used as warning signs of impending financial challenges. Thus, the events approach can be used as a diagnostic tool for current businesses—

identifying potential financial pitfalls (pre-failure events) early enough so that they can be reacted to (Tavlin et al., 1989) in an attempt to divert future business failures. This sequence of pre-failure events that ultimately result in business failure implies that this is a process, a series of actions that occur over time (Kwansa & Parsa, 1990). Recognizing the emergence of such processes may be the first step a company takes to prevent its eventual decline.

Despite the potential benefits that can result from the events approach methodology, it has been used infrequently in academic studies. To explain how the approach will be used in the current study, the most prominent, prior events approach studies are described below.

Giroux and Wiggins

Giroux and Wiggins (1984) made use of the event approach to contrast and enrich the results that could be obtained from the mainstream financial ratio analysis of bankruptcy studies. They sought to build toward the creation of a model of business failure based on the events that occur at firms prior to their descent into bankruptcy. In addition, they sought to determine if certain events are associated with the eventual failure at firms. Their intention was to devise a quantitative tool to enable bankers to assess the likelihood of a firm to go bankrupt if it experienced such events.

For their study, Giroux and Wiggins (1984) defined failure as "experiencing some degree of financial distress" (pg. 179). Their sample consisted of industrial firms, 22 of which were bankrupt and 26 that were survivors. The timeframe of the study was for ten years (1970 to 1980). To determine if the difference among the occurrences of events was statistically significant between the bankrupt and surviving firms, a chi-square test was performed. The authors were able to identify three events that appear to be closely associated with bankruptcy: net losses (all of the bankrupt firms experienced this event), debt accommodation (70% of the

bankrupt firms experienced this), and loan default (50% of the bankrupt firms experienced this event).

Tavlin, Moncarz, and Dumont

Tavlin and colleagues (1989) utilized a case study approach of twelve restaurant and lodging hospitality firms that were in varying degrees of financial failure. Their intent was to reveal what factors contributed to failure in order to inform the industry of the warning signs and provide suggestions of what can be done to avoid such mistakes in the future.

The authors identified a number of "common themes" that contributed to business failure and were common to all the firms in the case studies:

- lack of responsiveness to change
- inadequate management/employee training
- undercapitalization and/or over-expansion of operation
- poor upkeep of existing facilities or a lack of renovations
- failure to upgrade
- failure to properly execute the company's product or marketing concept
- abandonment of a successful product or marketing concept
- reliance on a gimmick or a theme that went stale
- ego of the founder/entrepreneur, which prevents the company from adapting to changes in their markets
- inadequate internal controls

Kwansa and Parsa

Kwansa and Parsa (1990) focused on the "pre-failure life" of failed restaurant firms. Their aim was to consider the process of failure among twelve restaurant companies that failed while also considering the events that were experienced by twelve restaurant companies that survived over the 19-year study timeframe (1970 to 1998). Failure in their study was defined as filing for Chapter 11 bankruptcy protection. Kwansa and Parsa distinguished their approach as not attempting to predict bankruptcy but striving to determine the characteristics of the failure process. Throughout the course to bankruptcy, opportunities exist for firms to make corrections to avoid failure. The identification of events that ultimately result in failure as well as the identification of events that lead to recovery was the rationale of the study.

Kwansa and Parsa (1990) identified seven failure events that, in their opinion, were unique to the restaurant companies in the study: net losses over consecutive quarters of operation; management turnover; loan default; royalty default; credit accommodation; decline in unit sales; and renegotiation of franchise contracts.

The observed failure events (one or more of the seven listed above) always occurred within the two-years preceding the bankruptcy filing. Debt accommodation, discontinued operations and the downgrading of bonds usually occurred the year preceding the bankruptcy filing. Among the failed firms, almost all experienced combinations of net losses, debt accommodation and loan default.

A Summary and Comparison of the Prior Events Approach Studies

Giroux and Wiggins (1984) sought to enhance the traditional financial ratio analysis approach to bankruptcy studies. Tavlin and colleagues (1989) intended to reveal the factors that precede failure among firms in the hospitality industry. Kwansa and Parsa (1990) focused their

study on the "pre-failure life" of failed restaurant firms. This study acknowledges all of these factors in its design. The events approach will be best able to diagnose the factors that precede failure among theme parks and seek to discover the specific events that lead to it.

Giroux and Wiggins (1984) used a sample of 22 bankrupt industrial firms and 26 surviving industrial firms. Firm selection was based on the availability of adequate data to complete the study. The Tavlin et al. (1989) case study included twelve hospitality firms. Kwansa and Parsa's study (1990) included twelve failed and twelve surviving restaurant firms as the units of analysis, all of which were publicly-traded. This study will incorporate a sample size comparable to these prior studies, 23 failed theme parks and 23 surviving theme parks. This study will be the first published analysis of failure within the theme park industry sector.

Failure in the Giroux and Wiggins (1984) study was defined as experiencing a degree of financial distress. Tavlin et al. (1989) included firms in varying degrees of financial failure in their study. Kwansa and Parsa (1990) used filing for Chapter 11 bankruptcy protection as the definition of failure in their study. This study will utilize a more extreme definition of failure, the closure of the park, the dissolution of the business entity that was the park, and in many instances the physical redevelopment of the theme park site. The failed theme parks that serve as half of the units of analysis in this study most definitely failed; they did not benefit from new owners or new investors, or pursue a reorganization scheme under Chapter 11 bankruptcy. They ceased operation and closed.

Giroux and Wiggins (1984) and Kwansa and Parsa (1990) both made use of chi-square analysis to determine if there was a statistically significant difference between the frequency of events among the failed and surviving sample firms. This study will also utilize the chi-square technique.

Summary of the Study's Research Question and Purpose Statement

Research Question

As stated in Chapter One, a research question is the representation of the central issue to be addressed in the study. It aligns with the theory that serves as the basis of the study and is typically posed in a manner that is too general to be studied directly; the subsequently developed research hypotheses operationalize the research question into an approach that can be proven or disproved. This study is couched within the theory of business failure and specifically focuses on business failure analysis within the North American theme park industry. The study's research question is: *what have been the financial, environmental and internal events that have contributed to the business failure and closure of approximately one-third of all North American theme parks opened between the years 1955 and 2009?*

Purpose Statement

The "purpose of the study" displays the intent of the study, what will be accomplished by the completion of the study and what is the justification of the effort in economic or business terms. This study's purpose is to introduce a theory as to why theme parks fail so frequently – a topic never before addressed in the academic literature. Insights gleaned from the analysis could serve to inform current theme park operations of what potential pitfalls exist, thereby enabling them to react and adjust to events that have preceded failure at prior theme park operations. Additionally, this study will identify attributes that contribute to failure within the theme park industry. These results will supplement the collective knowledge of the business failure academic literature.

Research Hypotheses

This research study compares categories of events that occurred throughout the lifespans of the subject theme park firms – those that failed, closed or survived. These categories of event variables are based on a theoretical model proposed by Ooghe and De Prijcker (2008) and seek to define the complete operating environment within which business firms conduct their lifecycles. Constructs detail external categories of event variables (events beyond the control of business managers) and internal categories of event variables (events shaped by the actions of business managers). Within the external and internal categories of event variables are sub-categories that further organize and clarify the event variables of the study. Comparisons among these categories of event variables serve as the hypotheses of this study.

The study question asked is: are failed/closed parks more prevalent among one of the constructs versus another construct? Such a finding implies that in the analysis of the factors that contribute to theme park failure, one construct is more impactful than the other.

Individual event variables are compared for frequency between surviving theme parks and failed or closed theme parks. In other words, is a specific event variable significantly more likely to occur among the sample of failed theme parks versus the sample of surviving theme parks? Once tabulated, each construct of categories of event variables becomes dominated by either failed/closed parks or surviving parks. Then the categories of event variables were compared to determine which ones play the greatest role in determining theme park failure.

Five hypotheses are used in this study to fully reveal these relationships. H_1 explored the relationship between the frequency of event variable occurrences among the failed/closed theme park sample versus the surviving theme park sample. H_2 explored the relationship among failed/closed theme parks and event variables external to the operation of the subject firms versus

event variables internal to the operation of the subject firms. H_3 explored the relationship between theme parks that failed/closed involuntarily versus those that closed voluntarily. H_4 explored the relationship among failed/closed theme parks between the constructs of company characteristics and leadership/employee capabilities and the construct of strategic/operational policies. Similarly, H_5 examined the relationship within failed/closed theme parks between the construct of company characteristics and all external event variables:

H_1 – The total number of event variable occurrences is greater among the failed/closed theme parks than among the surviving theme parks

H_2 – The number of event variable occurrences is greater for the internal constructs than for the external constructs among the failed/closed theme parks

H_3 – The number of involuntary closures is greater than the number of voluntary closures among the failed/closed theme parks

H_4 – There is a significant difference in the number of event variable occurrences due to leadership/ employee capabilities or strategic/operational policy event variables, than the number of event variable occurrences due to company characteristic associated event variables among the failed/closed theme parks

H_5 – There is a significant difference in the number of event variable occurrences due to external event variables, than the number of event variable occurrences due to company characteristic associated event variables among the failed/closed theme parks

Event Variables

The selection of event variables (the measures used within the hypotheses) for this study came from two sources: an identification of the significant events that contribute to failure based on the review of the business failure and bankruptcy literature detailed in Chapter Two, and the

identification of events that are unique to the theme park industry that might also contribute to failure. These later event variables were compiled based on knowledge of the industry and then were verified by conducting a pilot study (see Table 3, "Potential Business Failure Factors Specific to the Theme Park Industry").

Table 3. Potential Business Failure Factors Specific to the Theme Park Industry

Theme Park–Specific Failure Factors
1. Ill-conceived Concept / Concept not Embraced or Recognized by the Audience
2. Short Season due to Geographic Location (Too cold in the shoulder seasons to operate)
3. Inadequate Number of Attractions / Inadequate Capacity (Not enough to do)
4. Lack of Branded Content Utilized within the Theming
5. Lack of Space for Expansion
6. Overpriced Relative to Similar Attractions
7. Inefficient Crowd Control/Crowd Flow Procedures
8. The Presence of Multiple Theme Parks in a Single Regional Market
9. Notable Attendance Declines over a Number of Seasons / Years of Operation
10. Lack of Capital Reinvestment
11. Inadequate Marketing Initiatives
12. Lack of Adequate Upkeep / Maintenance in Comparison to Industry Standards
13. Excessive Maintenance Costs due to Adverse Environmental Factors
14. Planned Closing on One or More Days a Week – Versus an Anticipated Seven-Day Operation
15. Notable Ride Accidents
16. Loss of Existing Advertisers / Loss of Existing Sponsors over Time
17. Complaints from Adjoining Residents: Noise, Lights, Traffic
18. Development Pressures following the Opening – Another Higher Best Use for the Land
19. Corruption / Financial Maleficence on the Part of Management and/or Major Investors
20. Intentional Vandalism / Damage or Sabotage from a Suspected Internal Source

The pilot study followed the same methodology used in this study. The source data, *Amusement Business* weekly, was reviewed for the years 1961 to 1966, and 1989 to 1992, with selective issues reviewed for the years between 1966 and 1989. This selective review of the source data represented 22% of the complete study timeframe proposed for this study. (A detailed description of *Amusement Business* is provided in the "Data Collection" section below.)

For each issue of *Amusement Business*, the pages were thumbed through and all headlines were scanned. Articles with headlines that referred to the overall theme park industry or to a specific park included in the study were read, and notes were taken to document potential events and record the date and the park(s) impacted by the event. From this pilot research, the "business event variables" were documented and then categorized to arrive at a list of the more common occurrences of event variables impacting the greater theme park industry during the years of analysis. As further research is completed, it is expected that additional event variables might be identified.

Below are the failure event variables with brief descriptions of what they mean, an indication of how they were measured in the analysis phase, and a listing of the hypotheses each was included in.

Opening in a Specific Period versus Another Time/Decade—Changing Demographics

The rationale for this hypothesis is that timing matters. Opening in one decade versus another might provide a competitive advantage due to a lack of competitors at a certain time versus another. Or, an increase in industry expertise over time might increase the likelihood of survival in later decades than earlier ones. Or, a negative economy in one time period might have adversely affected the survivability of new parks or all parks versus survivability during a time of economic expansion. Or, variations in economic, social, or political trends might contribute to overall theme park survivability in one period versus another.

Knott and Posen (2005) determined that firms established in times of economic challenge failed at high rates; however, if these firms managed to survive through the trying times they tended to survive at a rate higher than the overall survival rate. This event variable is incorporated in H_1, H_2, and H_5.

Acts of God / Natural Disasters / Excessive Maintenance Costs Due to a Harsh Physical Environment

Acts of God, natural disasters can be defined as any natural phenomenon that adversely impacts the operation of a theme park at a single point in time or for a sustained time or on a recurring basis. Natural disasters can be tornadoes, hurricanes, earthquakes, floods, fires, etc. The adverse impact can be physical damage to the facility or reputational damage to the business. A natural disaster can disrupt operations for a period of time, after which the park reopens and flourishes, or the park opens immediately following the event but continues to struggle from the impacts of the event. Similarly, natural disasters or natural phenomenon can be sustained over time with the results that operations are compromised or maintenance expenses are excessive; for example, seasonal flooding cycles, cold climates that shorten operating seasons, impacts from salt spray at ocean side facilities, etc.

As a point of comparison, Chen and Yeh's 2012 study of 72 international hotels found that 29% failed due to impacts from natural disasters. This event variable is incorporated in H_1, H_2, and H_5.

Complaints from Adjoining Residents: Noise, Lighting, Traffic

Complaints from residential areas adjoining or in close proximity to theme parks tend to be in regards to noise, lighting and traffic. This measure examines whether these reported complaints lead to a significant operating challenges or remediation expenses at certain parks. In other words, can complaints about the operation of a park be a meaningful contributor to eventual failure at some parks while other parks avoid this operational complication? This event variable is incorporated in H_1, H_2, and H_5.

Market Saturation / Concentration: More than One Park in a Regional Market

This hypothesis requires a clear definition of what is meant by direct competition. In regional theme park markets (metropolitan areas outside of major tourist areas such as Southern California and Central Florida), any theme park operation competes with all other leisure time activities to attract attendance from a finite population. The introduction of a second theme park operation into one of these constrained markets puts the two parks in direct competition with each other and is likely to be a contributor to failure.

Hannan and Freeman (1977) showed that the ability of a market to support a population of firms (a concept referred to as "carrying capacity") is a contributor to failure; in other words, many firms concentrated in a market results in higher instances of business failure. This event variable is incorporated in : H_1, H_2, and H_5.

Youthfulness / Being a New Business (Young)—Failing in Five Years or Less

Obviously, no park intends to close within the first year of operation. Such a situation must represent a colossal failure, implying massive cost overruns in the construction phase and a lack of adequate funding to see the operation through to achieving a positive cash flow. Nonetheless, there are a handful of known theme parks that have failed in their inaugural year.

Young organizations, by virtue of their youth, inexperience and lack of established contacts, suffer failure at rates higher than their more established competitors (Ooghe & De Prijcker, 2008; Stinchcombe, 1965; Thornhill & Amit, 2003). This event variable is incorporated in: H_1, H_2, H_4, and H_5.

Rates of Failure among Theme Parks Located in Destination Markets versus Regional Markets

This measure considers the effects of direct competition and the impacts of clustering among theme parks. If the rate of failure is highest in the regional markets (markets with at most

two theme parks sharing the same geographic area), this implies that competitive factors may have led to the failures or that issues of market saturation drove out all but one theme park competitor. If the rate of theme park failure is lower in the destination markets (geographic areas with multiple theme parks, where competition is high), this implies that there are benefits to clustering multiple theme park attractions in a market with concentrated theme parks visitors. This event variable is incorporated in: H_1, H_2, H_4, and H_5.

Constrained Operating Season—The Inability to Operate 365 Days a Year / Too Cold to Operate in the Shoulder Seasons

Outside of the destination theme park markets of Southern California and Central Florida, North America's theme parks operate on seasonal schedules – open every day in the summer months with weekend-only operations in the spring and fall. How early operations can commence in the spring and how long they can extend into the fall is related to local climatic conditions. This event variable is incorporated in: H_1, H_2, H_4, and H_5.

Lack of Space for Expansion

A frequently occurring event in the lifespan of theme parks is running out of room. Parks originally developed on the outskirts of urban areas, over time find themselves surrounded by urban developments, sometimes compounded by their past decisions to sell adjoining properties to outside interests. Parks with a lack of room for expansion have to endure the cost of removing an existing attraction to attain the needed area just to add a new attraction. Similarly, adjoining developments encroach on the available space used for park parking. This event variable is incorporated in: H_1, H_2, H_4, and H_5.

Pricing / Ticketing / Discounting Strategies

Throughout the data collection process, instances of discounting will be recorded as events occurring at the theme parks in this study. Discounting can be defined as reduced rates or special offers such as two-for-one, free child's admission with the purchase of an adult's ticket, special incentives for annual pass sales, etc. From time-to-time, most parks engage in discounting to drive attendance in a slow period (for example, non-summer months or a certain day of the week) or to overcome temporary challenges (for example offering discounted admission to offset high gasoline prices). However, in some cases discounts move from being a temporary strategy to overcome a specific challenge, to become a desperate policy aimed at reversing a long-standing decline in attendance figures. This event variable is incorporated in: H_1, H_2, and H_4.

Overpriced Relative to Similar Theme Parks, Attractions, or Competing Commercial Recreation Activities

Being overpriced relative to the direct competition or other recreational, leisure pursuits is similar to the other event variables addressing having enough to do, but this measure is directly related to the cost incurred by the consumer. In other words, a park is charging an admission price comparable to its competition but delivering less than its competitors, or is charging more for a product/experience comparable to more moderately priced competitors. This event variable is incorporated in: H_1, H_2, and H_4.

Construction Cost Overruns / Delayed Openings

The cost and magnitude of constructing a theme park can quickly outrun the expectations of the developers. Parks plagued with cost overruns and opening dates pushed beyond the scheduled opening date project a negative perception of the new enterprise. Not an uncommon

occurrence in the property development industry, but still one that can spoil the reputation of the development among investors and potential customers. Stories of ballooning costs and changed opening dates qualify as occurrences of this event concept for this study. This event variable is incorporated in: H_1, H_2, and H_4.

Low Customer Satisfaction: Not Enough to Do / Inadequate Number of Attractions / Capacity Issues

Common criticisms directed towards theme parks are long lines and crowding, a symptom of not having enough for guests to do and poor crowd management skills. All theme parks experience these events on especially busy days, but for parks that experience crowding issues on a weekly basis, this becomes a negative event that could be a contributor to eventual failure. This event variable considers those parks that became known for these negative traits, especially in the years leading up to their failure. Common widely publicized negative events that qualify as contributors to low customer satisfaction include news stories about crowding, long-lines, not enough to do at the park, dirty conditions, and acts of violence in or surrounding the park. This event variable is incorporated in: H_1, H_2, and H_4.

Declining Attendance—Sustained Over a Number of Years

Throughout the data collection process, annual attendance figures at the subject parks were collected to determine if evidence of sustained year-over-year attendance declines can be attributed to any theme park from either the failed sample or the surviving sample. This event variable concept is incorporated in: H_1, H_2, and H_4.

Lack of Maintenance / A Failure to Reinvest

An event variable indicating a lack of upkeep to the theme park's physical facilities includes any suggestions that the park has failed to provide adequate maintenance to the grounds, structures or rides. The other half of this measure focuses on instances of failing to reinvest in new attractions in the parks at a rate comparable to the competition or in alignment with industry standards. This event concept is incorporated in: H_1, H_2, and H_4.

Notable Ride Accidents

All theme parks experience ride accidents (vehicle malfunctions, operator errors resulting in injuries or death, riders overcoming safety restraints resulting in injuries or death, etc.) and in-park injuries. But some "accidents" achieve greater notoriety than others. Highly publicized accidents can change the perception of the park and deter guests from visiting. This event variable is incorporated in: H_1, H_2, and H_4.

Excessive Number of Lawsuits

Excessive numbers of and/or high profile lawsuits directed at a park imply poor overall management and operating procedures, and a susceptibility to attacks on a park's reputation. Lawsuits, whether warranted or frivolous could have the cumulative effect of dissuading future guests from visiting. This event variable is incorporated in: H_1, H_2, and H_4.

Excessive Debt / Inability to Make Debt Payments / Undercapitalization

Due to the inability to obtain financial data on the operation of most theme parks, it will be difficult to document such a condition at the parks. But, when the review of the literature resulted in reports of high debt loads and a lack of the needed resources to reinvest in the

operation, these instances were tagged as high debt / undercapitalization event variables in the study. This event variable is incorporated in: H_1, H_2, and H_4.

Instances of Declared Bankruptcy

Bankruptcy events will refer to Chapter 11 bankruptcies, where the theme park declaring bankruptcy has the opportunity to attempt a reorganization and a second chance at success. Parks declaring Chapter 11 bankruptcy can go on to fail or survive. This event variable is incorporated in: H_1, H_2, and H_4.

Instances of Mergers / Acquisitions

A change of ownership implies that a park is sold from one party to another. This can be the sale of a park from one individual to another, or the sale of a park from one individual to a corporation, or the sale of a park from one corporation to another. Again, this is a common business practice and a frequent occurrence within the theme park industry. But, a change of ownership does not imply that a park is susceptible to failure, in fact it could be the first step in a recovery.

Similarly, a merger can be considered to occur when a theme park owner, especially a theme park chain, acquires an independent theme park owner, or when a theme park chain actually does merge with another theme park group. Just as with changes in ownership, merger events do not imply impending failure as the ultimate outcome but could be that first step toward recovery and subsequent success.

Nonetheless, changes in ownership and mergers are pivotal events in the lifespan of an organization. Hamer (1983) noted that failing firms commonly seek out companies to merge with, while Peel and Wilson (1989) and Shrieves and Stevens (1979) demonstrated that 15 to

17% of firms that had merged exhibited signs of financial distress in the year before their merger, versus 5% of firms overall. This event variable is incorporated in: H_1, H_2, and H_4.

Management Corruption / Graft and Intentional Internal Vandalism / Damage / Sabotage

Publicized instances of management corruption of any kind (financial malfeasance, failure to follow operating standards, or the breaking of laws) at a theme park will make guests question other operating policies at the facility that deal with satisfaction and safety. Charges of financial corruption can limit a park's ability to obtain financing and develop business partnerships. And, if large amounts of capital are absconded with, the park's ability to meet cash flow obligations can be compromised and less funds are available for capital acquisitions and general operations.

Intentional acts of vandalism or sabotage also fits within this category. Although this might be considered as implausible, such events have happened; for example, a number of failing or closed theme parks have experienced a "mystery fire." Proving that management is the culprit will be near to impossible. Of course, it can be acknowledged that such incidents should not happen at successful parks; so instances of internal vandalism would be indicators of an already failing park, not an event that leads to subsequent failure.

Keasey and Watson (1991) demonstrated that failed firms have been shown to be more likely to engage in the manipulations of financial statements and graft. This event variable is incorporated in: H_1, H_2, and H_4.

Higher Best Use of the Property / Pressure to Develop the Theme Park Property into a More Profitable Use

Theme parks require large plots of land to accommodate the park, guest parking and support facilities. As a result, most parks have been developed outside of developed areas where

land is plentiful and inexpensive. Over time, supporting areas are developed (gas stations, restaurants, hotels, etc.) and inevitably, urban growth expands nearer to the theme park development. Owners come to consider alternatives to the theme park that are more lucrative real estate development options for the site. For instance, theme parks are frequently open for only part of the year, thus limiting their income-generating capacity versus a mall or hotel, which have the potential to produce revenue every day of the year. At some point the owners must consider the highest, best use of the property versus its existing use as a theme park. These parks close, not because they are failing financially, but because their owners believed more revenues could be produced by developing the land into an alternative more profitable usage.

The traditional amusement park industry succumbed to a number of challenges, but for many of the remaining amusement parks that had been developed before World War II, suburban expansion in the post-war period and the ensuing development pressures led to their closure – as exhibited by the conversion of many of these properties into housing developments. Today, theme parks developed on the outskirts of cities in the 1960s and 1970s are pressured by these same issues of the higher best use of the land.

This implies that in some instances, theme parks fail not because they are experiencing financial distress or a lack of popularity, but because there are more lucrative alternatives than a theme park development. Headd (2003) discovered that 29% of the closed businesses studied were considered successful at the time of their closing. This event variable is incorporated in: H_1, H_2, and H_3.

A graphical representation of which event variables are used in each study hypothesis is shown in Table 4.

Table 4. Research Hypotheses and Associated Event Variables

Hypothesis / Event Variables
H_1 Failed/Closed Theme Parks vs. Surviving Theme Parks
Opening in a Specific Period vs. Another Time, Changing Demographics
Acts of Nature/Natural Disasters, Excessive Maintenance Costs
Complaints from Adjoining Residents
Theme Park Market Concentration/ New Competitor in Immediate Market
Failing in Five Years or Less
Failure Rates: Destination vs. Regional
Constrained Operating Season/Length
Lack of Space for Expansion
Pricing/Ticketing/Discounting Strategies
Overpriced Relative to Similar Attractions
Construction Cost Overruns/Delayed Openings
Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity
Sustained Attendance Declines
Lack of Maintenance/Reinvestment
Notable Ride Accidents
Excessive Number of Lawsuits
Excessive Debt
Instances of Declared Bankruptcy
Instances of Mergers/Acquisitions
Management Corruption/Graft and Internal Vandalism/Damage/Sabotage
Higher Best Use for the Property

Hypothesis / Event Variables
H_2 External Event Variables vs. Internal Event Variables
External Event Variables
Opening in a Specific Period vs. Another Time, Changing Demographics
Acts of Nature/Natural Disasters, Excessive Maintenance Costs
Complaints from Adjoining Residents
Theme Park Market Concentration/ New Competitor in Immediate Market
Internal Event Variables
Failing in Five Years or Less
Failure Rates: Destination vs. Regional
Constrained Operating Season/Length
Lack of Space for Expansion
Pricing/Ticketing/Discounting Strategies
Overpriced Relative to Similar Attractions
Construction Cost Overruns/Delayed Openings
Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity
Sustained Attendance Declines
Lack of Maintenance/Reinvestment
Notable Ride Accidents
Excessive Number of Lawsuits
Excessive Debt
Instances of Declared Bankruptcy
Instances of Mergers/Acquisitions
Management Corruption/Graft and Internal Vandalism/Damage/Sabotage
Higher Best Use for the Property
H_3 Involuntary Failure vs. Voluntary Closure

Hypothesis / Event Variables
H_4 Company Characteristics Event Variables vs. Leadership/Employee & Strategic/Operational Policies Construct Event Variables
Company Characteristics Event Variables
Failing in Five Years or Less
Failure Rates: Destination vs. Regional
Constrained Operating Season/Length
Lack of Space for Expansion
Leadership/Employee Capabilities & Strategic/Operational Policies Event variables
Pricing/Ticketing/Discounting Strategies
Overpriced Relative to Similar Attractions
Construction Cost Overruns/Delayed Openings
Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity
Sustained Attendance Declines
Lack of Maintenance/Reinvestment
Notable Ride Accidents
Excessive Number of Lawsuits
Excessive Debt
Instances of Declared Bankruptcy
Instances of Mergers/Acquisitions
Management Corruption/Graft and Internal Vandalism/Damage/Sabotage
H_5 Company Characteristics Event Variables vs. External Event Variables
Company Characteristics Event Variables
Failing in Five Years or Less
Failure Rates: Destination vs. Regional
Constrained Operating Season/Length
Lack of Space for Expansion
External Event Variables
Opening in a Specific Period vs. Another Time, Changing Demographics
Acts of Nature/Natural Disasters, Excessive Maintenance Costs
Complaints from Adjoining Residents
Theme Park Market Concentration/ New Competitor in Immediate Market

Data Collection

The data collection consisted of a literature review of the theme park industry to determine what events have occurred at which parks and when. Any reputable source of data was used in the effort but the vast majority came from *Amusement Business* – the publication

considered the weekly journal of the outdoor entertainment industry. Published from 1961 to 2006, *Amusement Business* contained a dedicated section on parks and attractions news and served as the day-to-day record of events in the development of the theme park industry; as such, it served as the primary source of events for much of this study. The consistent use of this periodical to collect the study's data contributes to the reliability of event documentation – it is unlikely that any event will be missed, and actual "events" (for example, initial announcements, the detailed story, and references to the event in hindsight) are reported numerous times, resulting in more consistent details over time. Additional sources of information will be collected, as needed, from major publications of record within the U.S. media; for example, *The New York Times*, *The Los Angeles Times*, and *The Wall Street Journal*, as well as geographically local (local to the specific theme park of study) newspapers when required. National news and business periodicals (*Time Magazine*, *Life*, *U.S. News & World Report*, *Business Week*, *National Geographic*, etc.) were used when suitable content is presented. Additionally, industry associated journals were relied on for content when needed: *Funworld* (the monthly publication of the International Association of Amusement Parks and Attractions), and *Amusement Today*, which focuses on the current amusement park industry.

A review of the academic databases devoted to the hospitality and tourism industry (Hospitality & Tourism Complete and Leisure Tourism Abstracts (CABI)) and general business peer-reviewed journals revealed a limited number of publications (approximately 155) concerned with the subject of the theme park industry. The journal articles included topics ranging from regional economic analyses to customer satisfaction studies to pricing experiments, but practically none presented findings on business failure analysis.

Subject Selection Criteria

The goal of this study was to determine the causes of theme park failures. To do this, every failed theme park in North America was included in the analysis. In number terms, this equated to 23 parks, from the failure of Denver's Magic Mountain in 1960 to the closures of Hard Rock Park, Kentucky Kingdom, and Cypress Gardens in 2009 (see Table 5). In percentage terms all, or 100%, of closed North American theme parks were considered as subjects in this study.

Table 5. Units of Analysis: Failed Theme Parks and Surviving Theme Parks

	Failed theme parks	Years in operation	Surviving theme parks	Year opened
1.	Denver's Magic Mountain, CO	1959–1960	Six Flags Over Texas, TX	1961
2.	Freedomland, U.S.A., NY	1960–1964	Silver Dollar City, MO	1962
3.	Pacific Ocean Park, CA	1958–1967	Dollywood, TN	1967
4.	Pleasure Island, MA	1959–1969	Six Flags Over Georgia, GA	1967
5.	Busch Gardens Houston, TX	1971–1973	Knott's Berry Farm, CA	1968
6.	Busch Gardens Los Angeles, CA	1972–1976	Six Flags Discovery Kingdom, CA	1968
7.	Marco Polo Park, FL	1974–1976	Six Flags Over Mid-America, MO	1971
8.	World of Sid & Marty Krofft, GA	1976–1976	Hersheypark, PA	1971
9.	Old Chicago, IL	1975–1980	Magic Mountain, CA	1971
10.	Circus World, FL	1974–1986	Busch Gardens Tampa Bay, FL	1972
11.	Six Flags Autoworld, MI	1984–1986	Kings Island, OH	1972
12.	Boyertown, PA	1986–1988	Carowinds, NC	1973
13.	Boardwalk & Baseball, FL	1987–1990	Worlds of Fun, MO	1973
14.	Dogpatch USA, AR	1968–1993	Great Adventure, NJ	1974
15.	Opryland, U.S.A., TN	1972–1997	Adventureland, IA	1974
16.	MGM Grand Adventures, NV	1993–2000	Busch Gardens Williamsburg, VA	1975
17.	Jazzland, LA	2000–2005	Valleyfair, MN	1976
18.	Astroworld, TX	1968–2005	Great America – Gurnee, IL	1976
19.	Libertyland, TN	1976–2005	Canada's Wonderland, Ontario	1981
20.	SeaWorld Ohio/Geauga Lake, OH	1970–2007	Holiday World & Splashin' Safari, IN	1984
21.	Hard Rock Park, SC	2008–2009	Sea World Texas, TX	1988
22.	Kentucky Kingdom, KY	1987–2009	Fiesta Texas, TX	1992
23.	Cypress Gardens, FL	1983–2009	Legoland California, CA	1999

To contrast the failed parks, a corresponding sample of 23 surviving theme parks was included in the study, representing 45% of the total number of surviving theme parks. As best as

was possible, the surviving theme parks were selected for inclusion in the study based on their significance to the industry (for example, the park was the first regional park in a specific geographic market, or the park was the first park opened by a specific firm that would go on to play an instrumental role in the industry), or to provide geographic diversity (for example, parks were selected from every geographic region within the North American market), or the surviving parks were selected to correspond chronologically, as much as possible, with the years in which the failed parks included in the study opened.

Initially, major destination parks were included in the sample of surviving parks, parks such as Disneyland, the Magic Kingdom or Epcot at Walt Disney World, and the Universal Studios theme parks in California and Florida. However, upon consideration it was noted that no such parks had ever failed and closed; so it would not be a valid one-to-one comparison to associate such parks with the failed parks sample. A criteria for inclusion in the study was that the park would have sustained, year-over-year, attendance of less than five million a year. SeaWorld parks include destination parks in the San Diego, California, and Orlando, Florida, markets with attendance levels in excess of five million a year, but also operates regional parks in its San Antonio, Texas, and Virginia markets. Therefore, the San Diego and Orlando SeaWorlds will be excluded from the analysis but the other SeaWorld properties will be considered; in fact, the SeaWorld park in Aurora, Ohio, is included as one of the failed theme parks in the analysis.

Among the 23 surviving theme parks included in the study, six (26%) opened in the 1960s, twelve (52%) opened in the 1970s, three (13%) opened in the 1980s, and two (9%) opened in the 1990s. Among the 23 failed parks, three (13%) opened in the 1950s, three (13%) opened in the 1960s, nine (39%) opened in the 1970s, four (17%) opened in the 1980s, two (9%)

opened in the 1990s, and two (9%) have opened since 2000. The failed parks had a rather consistent periodicity of failure: four (17%) closed in the 1960s; four (17%) closed in the 1970s; four (17%) closed in the 1980s; three (13%) closed in the 1990s; and eight (35%) closed since the year 2000. For the surviving parks included in the study, the mean length of the number of years in operation is 43, with a range between 57 years of operation (Six Flags Over Texas) and 19 years of operation (LEGOLAND California). Among the failed parks, the mean length of the number of years they were open was just over eleven years, and ranged from a low of just 90 days of operation at Hard Rock Park in Myrtle Beach, South Carolina to 38 annual seasons of operation before the closure for both Astroworld in Houston, Texas and SeaWorld Ohio/Geauga Lake, near Aurora, Ohio. The mode, or most frequently occurring, number of years of operation prior to closure was three, which occurred at four separate parks: Busch Gardens Houston, Marco Polo Park in Central Florida, Six Flags Autoworld in Flint, Michigan, and Boyertown in Pennsylvania.

Overall, the study sample subjects include 61% of the total number of all North American theme parks opened between the years 1955 (Disneyland) and 2011 (Legoland Florida). This study's sample size of 23 failed parks and 23 surviving parks compares favorably with the sample sizes from the prior events approach studies. Giroux and Wiggins (1984) used a sample size of 22 bankrupt firms and 26 non-bankrupt firms in their study. Tavlin et al. (1989) included twelve case studies in their analysis. Kwansa and Parsa (1990) included twelve bankrupt and twelve surviving restaurant companies in their sample.

Table 5 displays the units of analysis for this study. The 23 failed parks are listed, along with an indication of the year each opened and the year each closed. The failed parks are ordered according to the year each closed; in other words, the first park listed was the first park

to close chronologically. The 23 surviving theme parks are listed, along with the year they opened in chronological order from oldest to most recent.

Data Analysis

As the review of the *Amusement Business* journals progressed, it was expected that events would be identified for all of the units of analysis, both failed theme parks and surviving theme parks. It was hoped that the relevant events among the theme park cases would be uncovered organically; that is, as the literature was read, events would be discovered naturally and recorded for later analysis. However, other studies using an events approach have identified the events prior to conducting the content analysis on the subjects. Kwansa and Parsa (1990) looked for previously identified failure events from earlier studies when examining their restaurant firm subjects. Tavlin et al. (1989) formulated twelve cases of hospitality firms that had experienced various forms of financial distress. This study too, includes events identified from prior studies, as well as new events identified through the data analysis.

Identification of the Independent Variables or "Events"

This study incorporated multiple strategies to identify potential causes or events that precede business failure. A review of the literature on business failure theory led to the identification of a substantial number of failure attributes exhibited by companies in varying stages of financial decline (see Chapter Two: Review of the Literature). These failure attributes were considered "events" that have preceded decline, bankruptcy or firm closure in a number of documented business failure scenarios. Such attributes served as potential events to look for as the literature was reviewed. Not all of these failure attributes were relevant to the theme park industry, but they do represent the bulk of the findings from previous business failure studies. Some of these failure factors were especially relevant to the theme park industry and the current

study and were woven into the hypotheses of this study. Examples of the failure factors identified from the literature review include: acts of God; an overconcentration of competitors; market share loss to competitors; poor site selection or an unsuitable physical location; undercapitalization; lack of a concept; management reorganizations; failure to execute a turnaround; bad reputation; low customer satisfaction; acquisitions; mergers; excessive capital expenditures; lack of upkeep or failure to renovate; management corruption; allegations of accounting manipulation or a negative auditor's opinion; pending lawsuits; slowing sales; low cash flow; net losses; being highly leveraged or having a heavy debt burden; seeking debt restructuring or loan accommodation; defaulting on loans; declaring bankruptcy; and closing subsidiaries or discontinuing certain operations.

In addition to the business failure factors from the business failure/bankruptcy literature, there are a number of factors unique to the theme park industry that played a role as a failure event in the current study. Table 3 "Potential Business Failure Factors Specific to the Theme Park Industry," lists 20 additional failure factors that, based on an awareness of the history of the theme park industry and the research conducted in support of the pilot study, were considered to be failure events in the current study.

As a means of explanation of the failure factors unique to the theme park industry, there are, potentially, theme parks with ill-conceived concepts that appealed to only limited audiences. Early on in the history of the industry, parks were located in climates with very short shoulder seasons. Parks that opened with not enough attractions to accommodate the attendance numbers often suffered from negative publicity. Parks that did not have well-known branded content to utilize in their themeing might have been at a competitive disadvantage. Theme parks that ran out of room to expand were forced to spend development monies to remove existing attractions

to make space for improvements. The competition of two regional parks in a single geographic market could result in marketing and capital expansion wars. The failure to fully market a theme park and provide frequent reinvestment is likely to have resulted in declines in attendance. Ride accidents could have dissuaded guests from visiting the parks. And, like all real estate investments, if the returns on a theme park operation can be outdone by another development, the park will become susceptible to closure. Lastly, parks can be undermined by instances of internal corruption.

Events Approach Methodology

After the events for both the failed and surviving theme parks were tabulated from the literature, the analysis commenced. All of the events were listed along with an indication of the number of times each occurred among the study subjects. At this point, a refinement was conducted among the events to determine which would actually be included in the study. Specific events that occurred among the study subjects less than five times (an assumption of the chi-square test is that the minimum number of frequencies should be five for each event (Field, 2009)) were considered for elimination from the formal analysis; however, these non-used event variables are reported in Chapter Five for consideration in future studies.

Reporting of the Findings

The reporting of the study findings showcased the number of instances or frequencies of event "x" among the failed theme park subjects, contrasted with the number of instances or frequencies of event "x" among the surviving theme park subjects. The assumption is that certain events are more likely to occur among those theme parks that failed and thereby may be considered a contributor to ultimate failure. In order to be able to isolate an event as being more likely to be associated with the failed theme parks versus the surviving theme parks, a form of

statistical analysis will need to be performed. For this study, a chi-square analysis was carried out to determine if there is a statistically significant difference among the instances of occurrence of events among the failed and surviving theme parks. Most of the comparisons among the model constructs were tested using *z*-score tests of two proportions.

Chi-Square Test for Independence

Chi-square is a non-parametric test, meaning it does not rely on any assumptions about the shape or variance of the associated population distribution (Gall, Gall & Borg, 2003), which is useful in situations with small sample sizes (Pallant, 2005). Chi-square is used to examine the relationship between two discrete, categorical, variables. The chi-square test for independence compares the observed frequency of cases (in this study the observed number of events) that occur in each of two categories (in this study the two categories of failed/closed and surviving theme parks) with the values that would be expected if there was no association between the two variables being measured. The chi-square answers the question, does the frequency of an event variable occurrence differ due to group (failed/closed theme parks or surviving theme parks) membership; in other words is there a relationship between the two theme park groups and any of the event variables. More than this, the direction of the relationship can be reported; for example, the chi-square test result enables the reporting of a statement such as: failed/closed theme parks are more likely to have certain event variable occurrences than surviving theme parks (Fredland & Morris, 1976; Spatz, 2011; Tabachnick & Fidell, 2007).

The Yates' correction for continuity was considered and reported in the analysis. The Yates' Correction compensates for the overestimate of the chi-square when each variable measured has only two categories. To achieve significance, the value of the Yates' Continuity

Correction needs to be .05 or less (Pallant, 2010). This requirement was adhered to throughout this study.

The chi-square test can demonstrate that two variables are related, but it is unable to tell the degree of the relationship. To estimate this effect size, the *phi coefficient* was considered—a correlation coefficient that provides an effect size index ranging between zero and one, with higher values indicating a stronger association among the two variables: *phi* = 0.10 is a small effect; *phi* = 0.30 is a medium effect; and *phi* = 0.50 is a large effect (Spatz, 2011).

The degrees of freedom is determined as: d.f. = $k - 1$, where k = the number of cells associated with column or row data. In this study there are two cells for each sample; thus 2 - 1 = 1 degree of freedom. The chi-square value is then compared to the critical chi-square values associated with the .05 probability level with 1 degree of freedom. This is achieved by referring to a Chi-Square Distribution Table, and reveals a critical chi-square value of 3.84. If the calculated chi-square value is larger than 3.84, it can be assumed that there is a significant difference between the two samples for that particular event (Zikmund, 2003).

The chi-square test for independence was utilized to measure differences in the frequency of event variable occurrences among the two theme park samples (the results among the 21 event variables measured in this manner as part of hypothesis one are reported in Chapter Four). When comparisons were made among the frequency of event variable occurrences among the theoretical contructs, a test of proportions had to be made. Proportions rather than frequencies were used to control for the uneven distribution of event variables among the constructs; for example, the external event constructs are comprised of four event variables while the internal event constructs are comprised of 17 event variables. A number-to-number comparison would skew the results to the larger internal construct; so the proportion of potential event variable

occurrences for each construct were the focus of analysis for the study hypotheses. The *z*-score test for two population proportions was the method utilized to complete these analyses.

Z-Score Test of Proportions

The *z*-score test for two population proportions is used when you want to know whether two populations or two groups differ significantly on some single (i.e. categorical) characteristic. This test enables a researcher to determine if a difference between two samples occurred due to something more than chance alone. In this case, the proportions of two populations serve as the measure (Field, 2009 & Zikmund, 2003). The two assumptions associated with *z*-scores are that the two samples compared are independent, and the sample size is greater than 30 (Zikmund, 2003). Both of the assumptions were adhered to in this study.

The formula for calculating a *z*-score is straight-forward, requiring only the proportion of group one ($\hat{p}_1$) and the proportion of group two ($\hat{p}_2$), along with the population sizes for group one (n_1) and group two (n_2), and the calculation of the population proportion ($\hat{p}$), which is the sample size of group one (x_1) plus the sample size of group two (x_2) divided by the population size for group one (n_1) plus the population size for group two (n_2):

$$z = \frac{(\hat{p}_1 - \hat{p}_2)}{\sqrt{\hat{p}(1-\hat{p})}\sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$$

$$\hat{p} = \frac{x_1 + x_2}{n_1 + n_2}$$

Method of Verification

Assumptions of the Study

Although the occurrence of a study event at a theme park and the subsequent business failure of that theme park does not establish that a causal relationship exists, an assumption of the study is that certain events do precede other events and some of these events contribute to the ultimate business failure of certain theme parks. This study was not able to meet all the criteria of causality, notably the ability to eliminate "plausible alternative explanations (Trochim, 2001)," but it will assume that events and failures can unfold in a linear fashion over time.

Delimitations of the Study

This study was limited geographically to the North American market, mainly theme parks located within Canada and the United States. This market is the oldest, most established theme park market and achieves the highest market penetration (number of visits) per capita (PricewaterhouseCoopers, 2007). There is a vibrant theme park industry in Europe and Asia, and a burgeoning theme park industry in Latin America, but these parks are not included in this study.

This study's timeframe encompasses the years 1955 to 2009, which includes the entire lifespan of the theme park industry, excepting the most recent nine years in which no theme parks have opened or closed in the North American geographic market.

This study includes only theme parks as subjects; traditional amusement parks, water parks, family entertainment centers, or stand-alone attractions of any type are not included within this study. The ultimate findings from this study might be applicable to these other sectors of the attractions industry, but this analysis only includes theme parks.

Theme parks included in this study excluded any parks with sustained annual attendance levels of more than five million per year. Parks operating on such a scale have yet to fail, and are of a scope of operations in excess of the subject business units included in this study.

Financial ratios, the most common measures in the field of bankruptcy analysis (Youn & Gu, 2010), were not used in this study. This was due to the paucity of such information within the theme park industry segment. Many theme parks were operated as non-public companies and the associated financial reporting was never made available for analysis. For those parks that were operated by publicly traded companies, the financial reporting was typically done at a consolidated level, whereby financial data on specific parks is unable to be separated from the combined numbers reported.

Reliability in this Study

Reliability, or demonstrating that the study could be repeated and achieve the same results (Yin, 1994) consistently with no mistakes during transcription (Creswell, 2009), was achieved in this study through the inclusion of every failed theme park rather than the use of only a survey of the failed theme parks. The formulaic documentation procedures and the extensive literature review completed on each subject ensured that all potential events were documented and considered in the analysis and could be replicated should a researcher choose to complete this same research process.

Validity in this Study

Validity, in general terms, is a measure of the "extent" to which the information collected and used in the study actually reflects what is being studied (Veal, 2006). Validity in this study was achieved through an in-depth documentation of the study events. Numerous potential events were identified before the data collection and data analysis had been completed. These specific

events were searched for throughout the literature review and were meticulously and systematically documented as to the source, year of occurrence, numbers of years between the event occurrence and the theme park's failure (when applicable), and the details surrounding the event.

To enhance the quality of a research design, researchers consider multiple types of validity: construct validity, internal validity and external validity.

Construct validity is an assessment of how well the study's constructs relate back to the theory underlying the study (Trochim, 2001). To enhance a study's construct validity, multiple sources of evidence (Yin, 1994) should be utilized and, measures used in similar, prior studies should be retested in the current study. This study began with a review of prior studies that have utilized the event approach and the "events" identified from these prior studies were considered as possible events in this study; however, this study was not limited to considering only events used in prior studies.

Internal validity is focused on the study's ability to establish causal relationships; in other words, certain conditions lead to other conditions (Yin, 1994). To establish a causal relationship in this study would be ideal: specific events cause business failure. However, this study could not achieve all of the specified requirements of causality.

External validity assesses the degree to which the conclusions from one study could be generalized in a similar context in other geographical settings and at other times (Trochim, 2001). To achieve external validity, most researchers strive to improve the sample. For this study, the sample of failed theme parks is exhaustive (it includes every failed theme park from the study population) and it includes 45% of the potential surviving theme parks. Whether the findings from this study could be applied to the theme park industry in other geographical areas

(Europe, Asian, Latin America) or could be applied to other areas of the attractions industry (water parks, attractions, family entertainment centers, etc.) or could be applied throughout the greater hospitality industry (lodging, restaurants, etc.) or even could be applied to business in general remains to be seen. Similar studies should be completed for the European theme park market and the Asian theme park market to determine if similar events revealed through this study lead to similar failures in these markets. It is expected that the lessons learned from this study could be applied in similar business settings and, thereby, this study will obtain some degree of external validity.

Weaknesses of this Approach

Although the event approach utilizes a chi-square analysis to evaluate the statistical significance of the findings, the analytical complexity of the events approach may be considered lacking in comparison to other methodological approaches.

The identification of events that precede business failure at a statistically significant rate does not meet the criteria of causality. Although the study's conclusions are able to state that specific events are significantly more likely to occur at theme parks that ultimately failed/closed than at a comparable population of theme parks that have survived, the study is not able to determine that other factors outside of the study variables also contributed to the failure of certain theme parks.

There is no universally agreed on set of attributes that lead to the failure of business entities. This study has reviewed the current literature on business failure analysis, and the attributes identified by earlier researchers were considered in the context of this study. But there can never be the claim that these attributes are exhaustive or that these attributes are directly the causes of business failure.

CHAPTER FOUR: FINDINGS

This study seeks to identify the causes and susceptibilities of theme parks to involuntary business failure and/or voluntary business closure. Approximately 31% of all theme parks that have opened in North America since 1955 have failed/closed and, to date, no business failure analysis studies have been conducted within this industry. This study employs an events approach methodology comparing, financial, environmental or organizational events within the lifespan of 23 failed/closed theme parks and a comparable sample of 23 still operating, surviving theme parks to assess if there is a significant difference in the frequency of events among one sample versus the other – thereby implying that the significant events are contributors to failure/closure.

Data were collected via an extensive historical review of the industry trade journal *Amusement Business*; the categorical results were analyzed using *z*-tests for proportions and chi-square tests for independence. An adapted theoretical model was used to devise five hypotheses to measure the relative contribution of various constructs to business failure/closure. This chapter briefly outlines the study's data collection and data preparation procedures, and provides descriptive statistics on the units of analysis. The hypothesis testing revealed that seven of the 21 event variables indicated a significant difference between failed/closed theme parks and surviving theme parks, and two of the five hypotheses were supported.

Data Collection

Data collection for this study involved an in-depth historical review of the theme park industry in order to determine what events have occurred at which parks and when. The vast majority came from *Amusement Business* – the publication considered the weekly journal of the outdoor entertainment industry. Published from 1961 to 2006, *Amusement Business* contained a dedicated section on theme parks and attractions news and served as the day-to-day record of events in the development of the theme park industry. The consistent use of this periodical to collect the data contributes to the reliability of event documentation – it is unlikely that any event will be missed, and actual "events" (e.g., initial announcements, the detailed story, then references to that event in hindsight) are reported numerous times, resulting in more consistent details over time. Additional sources of information were collected from major publications of record within the U.S. media and industry associated journals. Ultimately, 952 issues of *Amusement Business*, spanning the years between 1961 to 2006 were reviewed to collect the event variables for this study. This resulted in the identification of 616 distinct events.

Data Preparation

Among the total 616 events, only events that occurred among the 46 failed/closed and surviving theme parks were considered for this study, resulting in a total of 392 events among the 46 subject parks. Of these 392 events, multiple reports of an event in a single event category were not included in the study, which reduced the total number of "unique events" considered in the study to 243. Table 6 shows the total frequency of event occurrences among the 46 theme parks. Most notable is the higher frequency of event variable occurrences among the failed/closed theme parks (to be analyzed further in hypothesis one).

Table 6. Frequency of Event Variable Occurrences Among the Failed/Closed Theme Parks and the Surviving Theme Parks

Failed/Closed theme parks	Event variable frequency		Surviving theme parks
Denver's Magic Mountain, CO	8	6	Six Flags Over Texas, TX
Freedomland, U.S.A., NY	14	1	Silver Dollar City, MO
Pacific Ocean Park, CA	11	2	Dollywood, TN
Pleasure Island, MA	6	6	Six Flags Over Georgia, GA
Busch Gardens Houston, TX	6	3	Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA	7	6	Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	11	6	Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	8	1	Hersheypark, PA
Old Chicago, IL	7	8	Magic Mountain, CA
Circus World, FL	3	3	Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI	4	3	Kings Island, OH
Boyertown, PA	8	4	Carowinds, NC
Boardwalk & Baseball, FL	7	3	Worlds of Fun, MO
Dogpatch USA, AR	8	7	Great Adventure, NJ
Opryland, U.S.A., TN	8	3	Adventureland, IA
MGM Grand Adventures, NV	6	2	Busch Gardens Williamsburg, VA
Jazzland, LA	6	3	Valleyfair, MN
Astroworld, TX	7	5	Great America – Gurnee, IL
Libertyland, TN	5	3	Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH	6	0	Holiday World & Splashin' Safari, IN
Hard Rock Park, SC	6	3	Sea World Texas, TX
Kentucky Kingdom, KY	4	4	Fiesta Texas, TX
Cypress Gardens, FL	4	1	Legoland California, CA
Total	160	83	

Table 7 lists the 21 event variable occurrences included in the study and then reports the frequency of each among the failed/closed theme parks and among the surviving theme parks. The most common event variable occurrences among the failed/closed theme parks were instances of declaring bankruptcy or instances of undergoing a temporary closure. Bankruptcy laws in the United States seek to enable a struggling company to achieve temporary financial relieve and reorganize to survive into the future. Nonetheless, any declaration of bankruptcy appears to be a red flag of eventual business failure/closure. The most common event variable occurrences among the surviving theme parks were instances of year-over-year attendance

declines, and instances of mergers, acquisitions or changes of ownership. The frequency of attendance declines is likely a measure of the theme park's age and sustainability; over time, it is likely that there will be attendance declines. The successful theme parks work through the declines and reverse the trend. Merging with another company has also been shown to be a survival tactic – struggling firms often seek to be acquired by a successful company as a strategy of avoiding bankruptcy (Hamer, 1983; Peel & Wilson, 1989; Shrieves & Stevens, 1979).

Table 7. Frequency of Event Occurrences Among the Event Variables

Event variables	Failed/Closed theme parks frequency	Surviving theme parks frequence
Opening in a Specific Period vs. Another, Changing Demographics	n/a	n/a
Acts of Nature/Natural Disasters, Excessive Maintenance Costs	8	6
Complaints from Adjoining Residents	2	0
Theme Park Market Concentration/ Competitors in Immediate Market	11	5
Failing in Five Years or Less	12	0
Failure Rates: Destination vs. Regional	6	0
Constrained Operating Season/Length	3	0
Lack of Space for Expansion	7	0
Pricing/Ticketing/Discounting Strategies/Price Reductions	3	1
Overpriced Relative to Similar Attractions	2	0
Construction Cost Overruns/Delays/Not Complete at Opening	9	5
Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity	9	1
Sustained Attendance Declines/YOY Declines	12	19
Lack of Maintenance/Reinvestment	2	0
Notable Ride Accidents/Violence in Park/Bad WOM	3	10
Excessive Number of Lawsuits	7	2
Excessive Debt/Debt Refinancing/Cash Flow Issues/Unprofitable	16	7
Instances of Declared Bankruptcy/Temporary Closure	20	8
Instances of Mergers/Acquisitions/Change of Ownership	16	19
Management Corruption/Graft and Internal Vandalism/Sabotage	4	0
Higher Best Use for the Property	8	0
Total	160	83

All data in the study were analyzed in SPSS version 20.0 for chi-square tests of independence and *z*-tests for proportions between two samples.

Descriptive Statistics

Every failed theme parks in North America was included in the analysis. In number terms, this equated to 23 parks, in percentage terms 100% of closed North American theme parks were considered as subjects in this study. Overall, the study sample of 46 theme parks represent 61% of the total number of all North American theme parks opened between the years 1955 and 2011.

To contrast the failed parks in the study, a corresponding sample of 23 surviving theme parks were included, representing 45% of the total number of current surviving theme parks. The surviving theme parks were selected for inclusion in the study according to their relative impact on the industry (e.g. the first park in a geographic market, or the first park opened by a major chain operator, etc.), or to provide geographic diversity (e.g. parks were included from every geographic region within North America), or the surviving parks were selected to correspond chronologically, as much as possible, with the years in which the failed/closed parks included in the study opened.

Major destination parks were not included in the sample. Parks such as Disneyland, the four parks at Walt Disney World, and the Universal Studios theme parks in California and Florida have never failed or closed; so, it would not be a valid one-to-one comparison to associate such parks with the failed parks sample. A criterion for inclusion in the study was that the park would have sustained, year-over-year, attendance of less than five million a year throughout the timeframe of the study—1955 to 2009.

Among the 23 surviving theme parks included in the study, six (26%) opened in the 1960s, twelve (52%) opened in the 1970s, three (13%) opened in the 1980s, and two (9%) opened in the 1990s. Among the 23 failed parks, three (13%) opened in the 1950s, three (13%)

opened in the 1960s, nine (39%) opened in the 1970s, four (17%) opened in the 1980s, two (9%) opened in the 1990s, and two (9%) have opened since 2000.

The failed parks had a rather consistent periodicity of failure: four (17%) closed in the 1960s; four (17%) closed in the 1970s; four (17%) closed in the 1980s; three (13%) closed in the 1990s; and eight (35%) closed since the year 2000. For the surviving parks included in the study, the mean length of the number of years in operation is 40.4, ranging between 18 and 56 years of operation. Among the failed parks, the mean length of the number of years they were open was just over eleven years, ranging from just 90 days of operation to 38 years of operation. The mode number of years of operation prior to closure was three, which occurred at four separate parks.

This study's sample size of 23 failed parks and 23 surviving parks compares favorably with the sample sizes from the prior events approach studies: Giroux and Wiggins (1984) utilized a sample of 22 bankrupt and 26 surviving industrial firms; the Tavlin et al. (1989) case study included twelve hospitality firms; and the Kwansa and Parsa (1990) study of restaurant firms analyzed twelve failed and twelve surviving.

Research Hypotheses Testing

Of the five hypotheses tested, two were supported and three were not supported. One of the three non-supported hypotheses illuminated a finding contrary to expectations exhibited in the literature review section of this study.

Of the two supported hypotheses, hypothesis one demonstrated a significant difference *among* the 23 failed/closed theme parks and the 23 surviving theme parks: the number of event variable occurrences was significantly greater among the failed/closed theme parks than among the surviving theme park sample. Hypothesis three demonstrated a significant difference *within*

the 23 failed/closed theme parks: failed/closed theme parks are significantly more likely to fail due to involuntary event variables (unprofitability, decreasing attendance numbers) than due to voluntary event variables (ownership retirement, a higher best use of the property).

Of the three non-supported hypotheses, hypothesis two did not demonstrate a significant difference within the 23 failed/closed theme parks. Prior studies have demonstrated that event occurrences categorized as internal to the firm (management capability, marketing efforts, financial management) were more significant contributors to failure than those event occurrences external to the firm (macro-economic conditions, level of competition, political stability). This study was unable to confirm this relationship. Given the peculiarities of the theme park industry, further studies should examine the relationship of external events (the weather, global conflicts, gas prices, threats to travel) that play a more significant role in the success of the outdoor entertainment industry than in business in general.

The two other non-supported hypotheses were exploratory in nature. Both sought to identify a relationship among the company characteristics construct (its age, its location in a regional geographic market versus a tourism destination market, physical constraints such as lack of land for expansion, and adverse weather conditions) and the construct of internal management capabilities/strategic direction, and the construct of external conditions. No relationship was supported among either of these hypotheses. Table 8 lists the five hypotheses and resulting *z*-scores and significance level. A detailed analysis of the individual hypotheses follows the table.

Table 8. Summary of the Five Research Hypotheses

Hypothesis	Supported	*Z*-Test Value	Significance (*p*)
H_1 – The total number of event variable occurrences is greater among the failed/closed theme parks than among the surviving theme parks	**Yes**	***Z* = 5.710**	***p* < .001**
H_2 – The number of event variable occurrences is greater for the internal constructs than for the external constructs among the failed/closed theme parks	No	*Z* = -0.823	*p* = 0.412
H_3 – The number of involuntary closures is greater than the number of voluntary closures among the failed/closed theme parks	**Yes**	***Z* = 2.064**	***p* = 0.039**
H_4 – There is a significant difference in the number of event variable occurrences due to leadership/ employee capabilities or strategic/operational policy event variables, than the number of event variable occurrences due to company characteristic associated event variables among the failed/closed theme parks	No	*Z* = 1.194	*p* = 0.234
H_5 – There is a significant difference in the number of event variable occurrences due to external event variables, than the number of event variable occurrences due to company characteristic associated event variables among the failed/closed theme parks	No	*Z* = 0.000	*p* = 1.000

Hypothesis Testing

Hypothesis 1

Hypothesis one is related to the relationship between the 23 failed/closed theme parks in the study to the 23 surviving theme parks, specifically the relationship of the number of event variable occurrences among these two groups. It was hypothesized that the 21 event variables would be more likely to occur at the failed/closed parks in the study: H_1- the total number of event variable occurrences is greater among the failed/closed theme parks than among the surviving theme parks. Of the potential 483 event occurrences (23 theme parks in each

comparison group multiplied by 21 event variables) 160 event variable occurrences were recorded among failed/closed theme parks (33%) and 83 event variable occurrences were recorded among surviving theme parks (17%).

To test this relationship, a two-sample z-test for proportions was performed to determine that there was a significant difference in the proportion of event variable occurrences at failed/closed theme parks and surviving theme parks, $z = 5.710$, $p < 0.000$. It can be concluded that hypothesis one is supported by the data: event variable occurrences are more frequent among the failed/closed theme parks than among the surviving theme parks.

Among the failed/closed theme parks, the mean number of event variable occurrences was 7.0, with a range from three (at Circus World, Florida) to fourteen occurrences (at Freedomland, U.S.A., New York); the mean number of event variable occurrences among surviving theme parks was 3.6, with a range between no occurrences (at Holiday World & Splashin' Safari, Indiana) to eight occurrences (at Magic Mountain, California). A full display of the descriptive statistics for H_1 is in Table 9.

Table 9. H_1 Event Variable Occurrences Among Failed/Closed Theme Parks and Surviving Theme Parks

	Frequency of event variable occurrences (total)	Mean	Range	SD
All theme parks in study (46)	243	5.28	0–14	2.85
Failed/Closed theme parks (23)	160	6.96	3–14	2.51
Surviving theme parks (23)	83	3.61	0–8	2.10

Analysis of hypothesis one also includes the comparison of the 21 event variables among the two samples. Chi-square tests for independence and two-sample z-tests for proportions were

conducted to assess if the occurrences between the two groups were significantly different from one another. These 21 event variables were identified through a review of the business failure analysis literature, a review of the theme park industry literature, and from a pilot test of the research from the *Amusement Business* periodical/industry trade magazine for a select number of years.

Of the 21 event variables tested, seven resulted in a significant difference in the frequency of events between the failed/closed theme parks versus the surviving theme parks. Two of the seven significant differences were found to be greater among the surviving sample of theme parks (a surprising finding to be discussed below). Thirteen event variables identified no significant difference between the two samples. One event variable resulted in an insufficient sample size, preventing further analysis. A summary of the results is presented in Table 10.

Table 10. Frequency of Event Variables Among Failed/Closed Theme Parks and Surviving Theme Parks

Event variable	Percent (frequency) Failed/Closed	Percent (frequency) Surviving	X^2 Value *Z*-Test Value	Sig. *p*
Failure Rates: Destination vs. Regional (% dest. fails v. % regional fails)	26 (6/23)	74 (17/23)	***Z* = -3.2437**	**.001**
Lack of Space for Expansion	30 (7)	0 (0)	**X^2 (1, n=46) = 6.07**	**.01**
Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity	39 (9)	4 (1)	**X^2 (1, n=46) = 6.26**	**.01**
Notable Ride Accidents/Violence in Park/Bad WOM	13 (3)	43 (10)	**X^2 (1, n=46) = 3.86**	**.05**
Excessive Debt/Debt Refinancing/Cash Flow Issues/Unprofitable	70 (16)	30 (7)	**X^2 (1, n=46) = 5.57**	**.02**
Instances of Declared Bankruptcy/Temporary Closure	87 (20)	35 (8)	**X^2 (1, n=46) = 11.04**	**.001**
Higher Best Use for the Property	35 (8)	0 (0)	**X^2 (1, n=46) = 7.41**	**.01**
Opening in a Specific Period vs. Another Time, Changing Demographics	15–75 (2 - 9)	32 (24)	*Z* = -.38 to 1.79	.07– .70
Acts of Nature/Natural Disasters, Excessive Maintenance Costs	35 (8)	26 (6)	X^2 (1, n=46) = .10	.75
Complaints from Adjoining Residents	9 (2)	0 (0)	Insufficient sample size	
Market Concentration/New Competitor in Immediate Market	48 (11)	22 (5)	X^2 (1, n=46) = 2.4	.12
Failing in Five Years or Less (% failed <5 yrs. v. % overall failed)	52 (12/23)	30 (23/76)	*Z* = 1.9258	.05
Constrained Operating Season/Length	13 (3)	0 (0)	X^2 (1, n=46) = 1.43	.23
Pricing/Ticketing/Discounting Strategies/Price Reductions	13 (3)	4 (1)	X^2 (1, n=46) = .27	.60
Overpriced Relative to Similar Attractions	9 (2)	0 (0)	X^2 (1, n=46) = .52	.47
Construction Cost Overruns/Delayed Openings/Not Complete at Opening	39 (9)	22 (5)	X^2 (1, n=46) = .92	.34
Sustained Attendance Declines/YOY Declines	52 (12)	83 (19)	X^2 (1, n=46) = 3.56	.06
Lack of Maintenance/Reinvestment	9 (2)	0 (0)	X^2 (1, n=46) = .52	.47
Excessive Number of Lawsuits	30 (7)	9 (2)	X^2 (1, n=46) = 2.21	.14
Instances of Mergers/Acquisitions, Change of Ownerships	70 (16)	83 (19)	X^2 (1, n=46) = .48	.49
Management Corruption/Graft and Internal Vandalism/Damage/Sabotage	17 (4)	0 (0)	X^2 (1, n=46) = 2.46	.12

X^2, *Z*-tests, and significance level are presented for the chi-square test for independence, and the two-sample *Z*-test for proportions. **Bold** items are at $p \leq .05$ significance level.

H_1 – Significant Event Variables

Destination versus Regional Theme Park Failure/Closure

The first event variable that resulted in a significant difference measured differences within the 23 failed/closed theme parks, to determine if the units of analysis were more likely to have failed in a theme park destination geographical market (limited to Southern California and Central Florida) or in regional markets dispersed throughout the United States. Six of the 23 failed/closed theme parks (26%) were positioned in theme park destination markets, while 17 of the 23 failed/closed theme parks (74%) were located in a regional market.

To test for a significant difference, a two-sample *z*-test for proportions was performed, which determined that there was a significant difference among the two proportions, $z = -3.2437$, $p < 0.001$. It can be concluded that the rate of failure/closure is higher among failed/closed regional theme parks than those theme parks in destination markets. As this measure was developed, it was considered that excessive competition in destination markets would enhance business failure/closure, yet these findings suggest that the concentration of business entities may enhance survival – multiple similar businesses concentrated in a single market attract more customers/guests leading to higher likelihood for survival. This is sometimes referred to as "economies of agglomeration," in management studies (Benmelech, Bergman & Milanez, 2014).

Lack of Space for Expansion

Theme parks in the study demonstrated significant differences between the failed/closed sample and the surviving sample in the reported lack of physical space to accommodate park expansions or the addition of new rides/attractions without removing existing attractions. Seven of the 23 failed/closed theme parks (30%) reported such operational challenges versus no reports of similar difficulties among the surviving theme park sample.

To test for a significant difference, a chi-square test for independence (with Yates Continuity Correction) was performed, which determined that there was a significant difference among the two groups, x^2 (1, n = 46) = 6.07, p = .01, *phi* = .42, a medium effect. It can be concluded that the lack of space for expansion is significantly more common among failed/closed theme parks than among surviving theme parks. This may suggest that when a theme park runs out of room for expansion, thoughts of how best to achieve financial returns on the property enter into the owners' consideration for future plans.

Low Customer Satisfaction: Not Enough to Do/ Inadequate Capacity

A significant difference was observed between the number of event occurrences related to low customer satisfaction between the failed/closed theme parks and the surviving theme parks. Nine of the 23 failed/closed theme parks (39%) demonstrated instances of this variable versus only one instance (4%) of the surviving theme parks.

To test for a significant difference among these two samples, a chi-square test for independence (with Yates Continuity Correction) was performed and confirmed that there was a significant difference among the two groups, x^2 (1, n = 46) = 6.26, p = .01, *phi* = .42, a medium effect. It can be concluded that low customer satisfaction, not having enough for guests to do, and long lines and other instances of inadequate capacity are significantly more common among the failed/closed theme parks than among surviving theme parks in this study.

Notable Ride Accidents / Violence in the Parks / Bad Word of Mouth

Interestingly (as evidenced by extensive reporting of such incidents in the industry press), ride accidents or occurrences of violence in the parks or general bad word of mouth for the theme park was a significantly more common occurrence among the surviving theme parks than among the failed/closed theme parks in the study. This does not make logical sense; the

assumption would be that such negative events would ultimately contribute to theme park failure. The reality is that these events do happen; from time to time there is a ride accident, a crime committed within the park, or some other event that results in negative publicity for the theme park. Three of the failed/closed theme parks (13%) reported a ride accident, in-park violence, or other bad word of mouth event, while ten of the 23 surviving theme parks (43%) experienced such an event.

The chi-square test for independence (with Yates Continuity Correction) showed that there was a significant difference between failed/closed theme parks and surviving theme parks, x^2 (1, n = 46) = 3.86, p = .05, *phi* = -.34, a small effect. The suspected reason why this is a significantly more common occurrence among the surviving theme parks in the study is due to the longer lifespan of the surviving theme parks. Given more years in operation, the more likely it is that an event of this type will occur. Managed well, and barring an event of this type that receives unwarranted publicity, the theme parks can survive its impact. Overall, surviving parks demonstrated longer lifespans than the failed/closed theme parks; this could have been controlled for by limiting the study's timeframe to a specific period. However, the overall finite number of theme parks included in the study results in small sample sizes. So, the attempt was made to include every theme park possible, for as long as possible. This is a limitation of the study, but one that was made to include the maximum number of events possible.

Excessive Debt / Refinancing / Cash Flow Issues / Unprofitability

As previous event approach studies have demonstrated (Giroux & Wiggins, 1984; Kwansa & Parsa, 1990) theme parks in the study showed significant differences among the failed/closed sample and the surviving sample in the frequency of the occurrences of events related to debt, financing, cash flow challenges, and general unprofitability. Sixteen of the 23

failed/closed theme parks (70%) reported these types of issues versus seven of the 23 surviving theme parks (30%).

To test for a significant difference, a chi-square test for independence (with Yates Continuity Correction) was performed, determining that there was a significant difference, x^2 (1, n = 46) = 5.57, p = .02, *phi* = .39, a medium effect. It can be concluded that financial difficulties are significantly more common among failed/closed theme parks than among surviving theme parks. Theme parks are businesses with financial expectations. As with all businesses, profits are the reason for being; debt, poor cash flow, and lack of profits are the beginning of any business failure.

Declared Bankruptcy / Temporary Closure

A significant difference was revealed between the failed/closed theme park sample and the surviving theme park sample in the frequency of occurrences of bankruptcy (Chapter 11, reorganization, bankruptcy filings) and/or temporary suspensions of operations. Overwhelmingly, 20 of the 23 failed/closed theme parks (87%) had declared bankruptcy and/or closed temporarily, versus eight of the 23 surviving theme parks (35%).

To test for a significant difference, a chi-square test for independence (with Yates Continuity Correction) was performed, which determined there was a significant difference, x^2 (1, n = 46) = 11.04, p = .001, *phi* = .54, a large effect. It can be concluded that declarations of bankruptcy and temporary suspensions of operation are significantly more common among failed/closed theme parks than among surviving theme parks. Maybe this seems obvious; parks that have declared bankruptcy once are likely to ultimately close and declare it again. But, it must be noted that slightly more than a third of the surviving theme parks also declared

bankruptcy, bankruptcy being a tool that can signal a reorganization and potentially a successful transformation into a viable operating entity.

A Higher Best Use for the Property

Maybe the greatest existential threat to the survival of a theme park is that the operation does not produce as much revenue as it could if it were developed in an alternative manner. In fact, theme parks in the study demonstrated significant differences between the failed/closed sample and the surviving sample in the number of reported events associated with the reporting of a higher best use for the property. Eight of the 23 failed/closed theme parks (35%) reported this event variable, while none of the surviving theme parks reported this threat.

To test for a significant difference, a chi-square test for independence (with Yates Continuity Correction) was performed, which determined that there was a significant difference among the two groups, x^2 (1, n = 46) = 7.41, p = .01, *phi* = .46, a medium effect. It can be concluded that pressure to develop a theme park operation as an alternative business is significantly more common among failed/closed theme parks than among surviving theme parks. The failure to make profits, the failure to cover operational costs, the failure to pay off debts associated with the development are typically considered as contributors to failure. However, failure, or more appropriately termed "closure," can be voluntary: owners close a business due to the desire to retire or to develop the property/site as a more profitable venture. This sentiment has been expressed throughout the development of the theme park industry and has been the motivation for the closure of a number of theme parks, despite the fact that they were profitable (and often beloved) at the time of their closure.

H_1 – Non-Significant Event Variables

The remaining fourteen event variables did not demonstrate a significant difference between the two sample groups (one did not result in a sufficient sample size to complete a chi-square significance test): failed/closed theme parks and surviving theme parks. Nonetheless, it was expected that these fourteen event variables might have a significant influence on the ultimate failure of theme parks. The fact that these variables were not significant in this study can be considered a finding, and a contribution to the understanding of the factors of success in the theme park industry.

Thirteen of the event variables analyzed in the study did not result in a significant difference between the failed/closed theme parks and the surviving theme parks. These variables will be discussed in order to contribute to the operational understanding of the theme park industry.

Opening in One Decade vs. Another / Changing Demographics

There was no significant association between the overall rate of failure within the theme park industry and the rate of theme park failure in any single decade in the study: 1950s (75% failure rate); 1960s (23% failure rate); 1970s (36% failure rate); 1980s (39% failure rate); 1990s (15% failure rate); 2000s (25% failure rate).

To test for a significant difference, a two-sample *z*-test for proportions was performed between the overall theme park industry failure rate and the failure rate for each decade encompassed by the study. None of these tests resulted in a significant difference among the two proportions: 1950s ($z = 1.79$, $p = 0.07$); 1960s ($z = 0.62$, $p = 0.54$); 1970s ($z = 0.41$, $p = 0.68$); 1980s ($z = 0.49$, $p = 0.62$); 1990s ($z = -1.19$, $p = 0.23$); 2000s ($z = -0.38$, $p = 0.70$). It can be concluded that the rate of failure is no different between the overall theme park failure rate and

the failure rate for any decade between the 1950s and the 2000s. This is an unexpected finding, but contributes to a pattern of analysis that considers business failure/closure to be a consistent process that is a part of the business that remains stable over time: the norm is that approximately three out of every ten theme parks will eventually fail/close.

Acts of Nature/Natural Disasters, Excessive Maintenance Costs

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and occurrences of acts of nature, natural disasters, and excessive maintenance costs due to environmental conditions: x^2 (1, n = 46) = .10, p = .75, *phi* = .09. Eight of the 23 failed/closed theme parks experienced this event variable, and six of the 23 surviving theme parks experienced this event variable. Over the lifetime of any theme park, which operate within the outdoor entertainment industry, a natural disaster of some sort is bound to befall the business. Typically, the parks recover, but at least one park – Six Flags New Orleans attributes it ultimate demise to the impact, and later flooding from Hurricane Katrina (LaRose, 2009). Contrast this to Adventureland theme park in Iowa, whose main street was partially destroyed by a tornado during its first year of operation, but persevered and later opened a wooden rollercoaster named "The Tornado" to commemorate this act of nature (Baltes, 2006).

Theme Park Market Concentration/New Competitor in Market

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and instances of new and/or multiple theme park competitors in a single regional geographic market: x^2 (1, n = 46) = 2.40, p = .12, *phi* = .27. Although eleven of the 23 (48%) failed/closed parks had a competing theme park within

its regional market, and only five of the 23 (22%) of the surviving parks had similar competition, this event variable's results did not result in a significant difference between these two groups.

Failing in Five Years or Less

There was no significant association between the overall rate of failure among all the theme parks included within the study (23 failed/closed theme parks out of 76 total theme parks, 30%) and the 12 theme parks out of 23 failed/closed theme parks (52%) that failed/closed within five years or less of opening. To test for this significant difference, a two-sample *z*-test for proportions was performed between these two proportions, $z = 1.9258$, $p = 0.0536$. It can be concluded that the occurrence of a theme park in the study failing in less than five years after opening is not significantly different from the overall rate of failure/closure among theme parks in the study. This is a surprising finding considering that a vast quantity of research demonstrates that businesses are most susceptible to failure in the first years of their operation. Among theme parks, the majority of the 23 failed/closed theme parks did fail within their first five years of operation, but this finding did not result in statistical significance.

Constrained Operating Season/Length

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and reported occurrences of a constrained operating season length due to the encroachment of cold weather: x^2 (1, $n = 46$) = 1.43, p = .23, phi = .26. Three of the 23 closed/failed theme parks (13%) experienced this event variable, and none of the surviving theme parks experienced this event variable. All of the three failed/closed theme parks that experienced this event were definitely in the northern half of the continental United States (New York State, Massachusetts, and Ohio). Surviving parks still

successfully operate in this geographic area, which contributes to the explanation that this event variable did not achieve significance.

Pricing/Ticketing/Discounting Strategies or Price Reductions

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and occurrences of ill-conceived pricing, ticketing, discounting strategies or implementations of admission cost price reductions: x^2 (1, n = 46) = .27, p = .60, *phi* = .15. Three of the failed/closed theme parks (13%) had such an experience, while only one of the surviving theme parks (4%) recorded such an event. Such events represent a strategy to improve attendance and/or profitability at the theme park by management. Thus, it might be more illuminating that only three of the failed/closed theme parks implemented these strategies: any park implementing a pricing strategy is attempting to survive; so not implementing such a strategy might be an actual contributor to failure.

Event Variable – Overpriced Relative to Similar Attractions

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and instances of pricing the theme park admission notably higher than competing attractions: x^2 (1, n = 46) = .52, p = .47, *phi* = .21. Only two of the failed/closed theme parks (9%) priced themselves this way, and none of the surviving theme parks did. The two failed/closed theme parks that were considered overpriced (World of Sid & Marty Krofft and MGM Grand Adventures) were both short-lived; this may be a business strategy best avoided in the theme park industry.

Event Variable – Construction Cost Overruns/Delayed Openings/Not Complete at Opening

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks for this event variable. Occurrences were common among both samples, nine of the 23 failed/closed theme parks (39%) experienced cost overruns and delayed openings, and five of the surviving theme parks (22%) had this event occurrence: x^2 (1, n = 46) = .92, p = .34, *phi* = .19. It is suspected that cost overruns and missed opening dates are very common throughout the commercial construction industry; so, a number of major projects (such as theme parks) are bound to experience this type of event. Whether this event ultimately contributes to a theme park failure cannot be discerned from the findings of this study.

Event Variable—Sustained Attendance Declines, Year-over-Year

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and occurrences of year-over-year attendance declines. In fact, this was another event variable in which the event was more common among the surviving theme parks than among the failed/closed theme parks: twelve of the 23 failed/closed theme parks (52%) and 19 of the 23 surviving theme parks (83%) at some point over their lifespans experienced multiple, contiguous years of attendance declines: x^2 (1, n = 46) = 3.56, p = .06, *phi* = -.33. The occurrence of this event must be considered a normal part of sustained theme park operation – some years attendance will decline due to external events or even the lack of growth that follows years of growth or the draught after the initial excitement generated by the addition of major new attractions.

Event Variable—Lack of Maintenance or Reinvestment

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and reported incidences of poor maintenance or lack of reinvestment into the continuing park operation: x^2 (1, n = 46) = .52, p = .47, *phi* = .21. Only two of the 23 failed/closed theme parks (9%) and none of the surviving theme parks had reports of such neglect. This was a surprising result. In the mature North American theme park industry, park operators appear to have internalized the need to keep up with maintenance at the park properties. But it was expected that a failure to reinvest in new facilities and attractions would be found to be a contributor to theme park failure/closure.

Event Variable—Excessive Number of Lawsuits

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and the number of reported lawsuits among the two samples: x^2 (1, n = 46) = 2.21, p = .14, *phi* = .27. Seven of the 23 failed/closed theme parks (30%) had reports of lawsuits, and only two (9%) of the surviving theme parks has similar reports. Lawsuits of note may imply poor management or operational procedures, but this study's results imply that lawsuits are just a fact of life in the operation of theme parks and are not necessarily contributors to failure or closure.

Event Variable—Instances of Mergers/Acquisitions or Change of Ownership

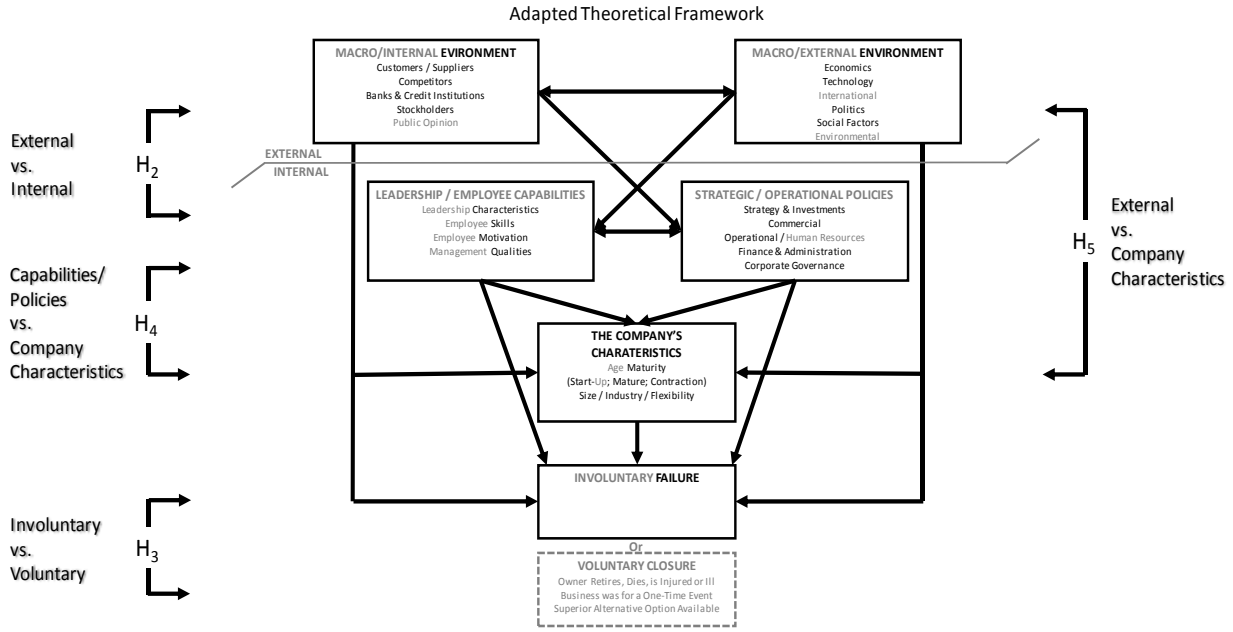
A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and instances of merger/acquisition activity or the occurrence of a change of ownership: x^2 (1, n = 46) = .48, p = .49, *phi* = .15. This was the most commonly occurring event variable in the study, 16 of the 23 failed/closed theme parks (70%) and 19 of the 23 surviving theme parks (83%) experienced a merger or change of

ownership. This event variable is a common occurrence in the theme park industry. Other studies have noted that distressed firms are more likely to be acquired as an attempt to stave off failure/closure. It appears that this happens in the theme park industry as well, with successful results.

Event Variable—Management Corruption/Graft, Vandalism/Sabotage

A chi-square test for independence indicated no significant association between failed/closed theme parks versus surviving theme parks and the number of reports of management corruption, graft, vandalism or internal sabotage among the two sampled groups: x^2 (1, n = 46) = 2.46, p = .12, *phi* = .31. Four of the 23 failed/closed theme parks (17%) had events involving corruption, graft, vandalism, or sabotage; none of the surviving theme parks had a management corruption type of event. Two of these corruption events occurred among the earliest theme parks in this study (Magic Mountain, Colorado and Pacific Ocean Park, California) and two of these events involved arson. However, even among the failed/closed theme parks these events are rare.

The remaining four hypotheses only examine event variable occurrence *among* the 23 failed/closed theme parks in the study. These hypotheses seek to determine which constructs contribute the most to failure/closure. Figure 2 provides a graphical representation of hypotheses two through five in relation to the theoretical framework; this figure shows which of the model constructs are being tested in comparison to one another to determine the relative contribution of construct event variables to theme park failure/closure.



Source: *Ooghe & Waeyaert (2004), as adopted by Ooghe & De Prijcker (2008)*
Figure 2.1: Conceptual Failure Model of Possible Causes of Bankruptcy

Figure 2. Theoretical Framework Constructs Tested in Hypotheses Two Through Five

Hypothesis 2

Hypothesis two examines the relationship between the four event variables categorized as external to the theme park operation and the 19 event variables categorized as internal to the theme park operation. It was hypothesized that among the failed/closed theme parks, more event variable occurrences would be recorded among the internal constructs than among the external constructs: H_2 – among the failed/closed theme parks, the number of event variable occurrences is greater for the internal constructs than for the external constructs. Of the potential event occurrences, 139 out of a potential 391 were recorded for internal event variables (36%) and 21 out of a potential 69 were recorded for external event variables (30%).

To test this relationship, a two-sample *z*-test for proportions was performed to determine that there was no significant difference in the proportion of event variable occurrences among

internal constructs versus the proportion of event variable occurrences among external constructs, $z = -0.823$, $p = 0.412$. It can be concluded that hypothesis two is not supported, there are no significant difference among internal event variable occurrences and external event variable occurrences.

This is a surprising result, and may characterize the theme park industry. In prior business studies (Boyle & Desai, 1991; Fredland & Morris, 1976; Theng & Boon, 1996) internal events have been identified as being more significant contributors to business failure than external events. It is common for businesses to ascribe external conditions (the economy, the weather, competitors, etc.) as the reason for their demise (Ooghe & De Prijcker, 2008), but in-depth studies show that internal causes (financial issues, poor leadership, bad marketing/customer service) are more typical contributors to failure. However, in this study of the theme park industry this normative finding does not hold. This in itself is a finding. This gives credence to all the theme park operators who claim that weather, or gas prices, or the proliferation of cable television, etc. are the sources of their failed product. As an outdoor entertainment product, external factors might be more impactful on the success or failure of a theme park, enough so to prevent the finding of a significant difference between external and internal event variables.

Hypothesis 3

Hypothesis three measures the frequency among failed/closed theme parks between those that closed involuntarily versus the frequency of those that closed voluntarily. Involuntary closure is the most expected due to the following events: a firm does not make a profit, revenue declines, and the entity slips into bankruptcy. Voluntary closure may be explained by: an owner retires, dies, becomes injured or ill, or the business is closed to pursue a superior alternative

financial option (Bates, 2005; Coad, 2014; Ulmer & Nielsen, 1947). It was hypothesized that involuntary failure would be more common than voluntary failure: H_3 – among the failed/closed theme parks, the number of involuntary closures is greater than the number of voluntary closures. Of the 23 failed/closed theme parks, 15 (65%) were involuntary closures, and eight (35%) were voluntary closures. Headd (2003) observed that 29 to 34% of closed business owners considered their companies successful at the time of closure – a result mirrored by the percent of theme park voluntary closures in this study.

To test this relationship, a two-sample *z*-test for proportions was performed to determine that there was a significant difference in the proportion of involuntarily closed theme parks versus the proportion of voluntarily closed theme parks, $z = 2.064$, $p = 0.039$. It can be concluded that hypothesis three is supported; involuntary theme park business failure is more common than voluntary theme park business closure.

Nonetheless, it is notable that eight theme parks in the study were closed due to a rational decision by owners to close the operation and redevelop the property as a different, and anticipated, better, higher, more profitable use for the site/property. Three of these voluntarily closed theme parks were, or are proposed to be, redeveloped as housing developments, one was redeveloped as a retail mall, and one became an office park. The other three were subsumed into the surrounding property uses: hotel, beach property, fairgrounds. The prevalence of such events was not expected at the onset of this study.

Hypothesis 4

Hypothesis four seeks to determine the relationship, or lack of, among the twelve event variables associated with the theoretical model constructs of leadership/employee capabilities and strategic/operational policies, and the four event variables associated with the theoretical

model construct measuring the company's characteristics. This hypothesis addresses whether among failed/closed theme parks in the study, event variables related to the management/leadership skills and company policies were more common, or were event variables related to a failed/closed theme parks' company characteristics (its age, geographic location, available room for expansion) were more prevalent. It was hypothesized that there would be a significant difference among these two internal constructs; it was unknown which construct would dominate: H_4 – among the failed/closed theme parks, there is a significant difference in the number of event variable occurrences due to leadership/employee capabilities or strategic/operational policy event variables, versus the number of event variable occurrences due to company characteristic associated event variables. Of the event occurrences, 103 out of a potential 276 were recorded for leadership/employee capabilities or strategic/operational policy event variables (37%) and 28 out of a potential 92 were recorded for company characteristic associated event variables (30%).

To test this relationship a two-sample *z*-test for proportions was performed to determine that there was no significant difference in the proportion of event variable occurrences among broad-level company strategies/skills constructs versus the proportion of event variables among company characteristic constructs, $z = 1.194$, $p = 0.234$. It can be concluded that hypothesis four is not supported, there are no significant differences in the number of event variable occurrences between leadership/employee capabilities event variables or strategic/operational policy event variables and company characteristic associated event variables.

Several studies have looked at these two constructs independently and have noted that these variables are contributors to business failure, but determining if one construct was a greater contributor to failure than the other is something new considered in this study. In prior studies,

among the two "company characteristic" construct business traits of smallness of the business and newness of the business, newness has been shown to contribute more to business failure than smallness (Kale & Arditi, 1998; Ooghe & De Prijcker, 2008; Pretorius, 2008). But, comparisons of the net contribution to business failure of capabilities such as "leadership competency" versus company characteristics such as the "size of the establishment" have yet to be completed.

Hypothesis 5

Hypothesis five examines the relationship between the four event variables related to the company characteristics event construct and the four event variables related to the external construct. It was hypothesized that among the failed/closed theme parks, there would be a significant difference among these two constructs: H_5 – among the failed/closed theme parks, there is a significant difference in the number of event variable occurrences due to external event variables, than the number of event variable occurrences due to company characteristic associated event variables. Of the event occurrences, 21 out of a potential 69 were recorded for external event variables (30%) and 28 out of 92 were recorded for company characteristic event variables (30%).

To test this relationship, a two-sample *z*-test for proportions was performed to determine that there was no significant difference in the proportion of event variables occurrences among external constructs versus the proportion of event variable occurrences among the company characteristic construct, $z = 0.000$, $p = 1.000$. It can be concluded that hypothesis five is not supported, there are no significant event variable occurrences between external event variables and company characteristic event variables.

The proportion between these two constructs was almost identical, assuring that there would not be a significant difference. Again, this was an exploratory hypothesis aimed at

determining if there could be a difference in the impact of external event occurrences versus those event occurrences that are due to the characteristics of the firm. In this study, external variables such as competition were compared to company characteristics such as lack of space for expansion. A more focused study addressing these specific variables in a more deliberate manner may provide insights that were not achieved in this study.

Summary

Five hypotheses were tested in this chapter. Hypothesis one and hypothesis three were supported. Hypothesis one indicated that failed/closed theme parks have significantly more occurrences of the event variables than the comparable sample of surviving theme parks. Among the 21 event variables analyzed, seven resulted in a significant difference between the failed/closed theme park and the surviving theme parks. Failure/closure was significantly more common among parks located in regional geographic areas than theme parks located in destination markets like Southern California or Central Florida.

Theme parks that reported that they were constrained by a lack of space for expansion of their facilities were significantly more likely to fail/close. Theme parks reporting low customer satisfaction or low capacity/not enough to do were significantly more common among the failed/closed theme parks than among the surviving theme parks. Theme parks plagued with excessive debt, difficulties refinancing, cash flow issues or that were habitually unprofitable were significantly more likely to be among the failed/closed sample than among the survivors. Theme parks that declared bankruptcy and/or had a temporary suspension of operations were significantly more likely to be among the failed/closed theme park sample. And, theme parks in the study whose owners mentioned that there was a higher best use of the property than that of a theme park were significantly more a part of the failed/closed theme park sample.

Hypothesis three showed that among the 23 failed/closed theme parks in this study, significantly more failed involuntarily, due to business failure (the inability to turn a profit), than those that were closed voluntarily; in other words, the parks were closed to pursue a higher best use of the property as a venture different than a theme park development.

Also of note, was that no significant difference was found between the proportion of event variable occurrences among failed/closed theme parks for event variables considered to be external to the business (macroeconomic conditions, competitive threats, and political stability) versus the proportion of event variable occurrences considered to be internal to the business (leadership abilities, financial conditions, and strategies or marketing initiatives pursued). In most business failure analysis studies, internal events are shown to be the more likely contributor to business failure. In this study, that relationship was not borne out, which may imply that something is different within the theme park industry – external factors may be greater contributors to failure in this industry than in other industries that have been the focus of business failure analysis studies in the past. Further analysis is required to prove such a relationship, but this may be an implied finding in this study.

CHAPTER FIVE: DISCUSSION AND CONCLUSIONS

The last chapter presents a discussion of the study and its findings. The chapter begins with a hypothesis-by-hypothesis examination of the implications, citing real-world examples of the event variables as revealed through the research. A brief consideration of the study's impact on the original purpose statement, research questions and the theoretical model is made, followed with a review of the managerial implications of the study to current and future practitioners. An assessment of the study's input to tourism/hospitality literature is given, followed by a presentation of the study's limitations (assumptions, bias, and delimitations) and suggestions for further research. The chapter ends with a short summary.

Findings and Interpretations

This section mirrors the outline structure presented in the prior chapter. While Chapter Four reported the statistical findings of the hypotheses, in Chapter Five the significance or potential implications of the hypothesis results are discussed. When the findings veered from what was anticipated, explanations for this divergence is provided.

Hypothesis 1

H_1 – The total number of event variable occurrences is greater among the failed/closed theme parks than among the surviving theme parks

This study identified suspected theme park failure causes and then confirmed some of them. It was expected that event variable occurrences would be more common among the failed/closed theme parks than among the surviving theme parks, and this, in fact, was

demonstrated by the results. Assuming that each of the 46 theme parks in the study could exhibit any of the 21 event variables, 33 percent of the total event variable occurrences (160 of a potential 483) were experienced among the failed/closed theme parks in the sample, while only 17 percent (83 of a potential 483) of the total event variable occurrences were recorded among the surviving park sample. Considering only actual instances of event occurrences, the failed/closed theme parks represented 66 percent of the total, while the number of event occurrences among the surviving theme parks represented 34 percent overall.

For the failed/closed theme parks, the average number of events experienced was seven, while the number of events among the surviving parks was 3.4. Although not measured in this study, evidence points to the conclusion that not one, single event leads to failure/closure (Kwansa & Parsa, 1990), but a combination of events compound business challenges, leading to the failure/closure. The fewer the number of adverse events, the less likely is a firm to fail. This proposition is borne out by this study's results. A summary of the results for hypothesis one are reported in Table 11.

Table 11. Summary of the Results From Hypothesis One

	Failed/Closed theme parks	Surviving theme parks
Number of event occurrences	160	83
Percent of total possible event occurrences	33	17
Percent of actual event occurrences	66	34
Average number of event occurrences recorded per park	7.0	3.4
Range of event occurrences recorded per park	3–14	0–8

In the aggregate, event variable occurrences were significantly more common for the failed/closed theme parks; however, this study also measured each of the 21 event variables one-by-one among the two sample groups. Six event variables were shown to be significantly more likely to occur among the failed/closed park sample than the surviving park sample, a favorable number in comparison to prior event approach studies. Giroux and Wiggins (1984) found three of their seven study events to be significant, while Kwansa and Parsa (1990) found three out of eight of their event measures achieved significance.

The 14 event variables for which a statistically significant difference was not found should not be completely discounted. Although not statistically different, the frequency of event variable occurrences was still higher among the failed/closed theme parks than among the survivors for all but two event variables (sustained year-over-year attendance declines, and instances of mergers/acquisitions/changes in ownership).

While there were event variable occurrences among the failed/closed sample for every event variable, among the surviving theme park sample, no occurrences were recorded for seven of the event variables: lack of space for expansion, a higher best use for the property, complaints from surrounding residents, constrained operating season length, overpriced relative to similar attractions, lack of maintenance/reinvestment, and management corruption/sabotage. These non-occurrences among the surviving theme parks can be interpreted as the seven "deadly sins" that no successful theme park operators ever engages in.

Below is a more in-depth analysis of each event variable, along with suggestions of the possible implications of each.

H_1 – Significant Event Variables

Destination versus Regional Theme Park Failure/Closure

Seventy-four percent of failed/closed parks were located in regional markets. Theme parks that were located in the theme park destination markets of Southern California and Central Florida were significantly less likely to fail than parks located within a regional geographic market.

This implies that there might be truth in the concept of strength in numbers; just as certain businesses benefit from being concentrated together (e.g. clothing stores, restaurants, etc.), theme parks seem to benefit by operating in zones of concentrated tourist activity, such as destination markets (Benmelech et al., 2014). It was expected that the enhanced competition of these destination markets would force out underperforming parks, and to some extent they do. No Disney, Universal Studios, or SeaWorld park in a destination market has ever failed/closed. However, smaller, and more regionally-oriented players, have failed when they attempted to operate in these destination markets: Busch Gardens Los Angeles and Pacific Ocean Park in California, and Marco Polo Park, Circus World, Boardwalk & Baseball, and Cypress Gardens in Florida.

Aside from the theme park failures/closures in the destination markets of Southern California and Central Florida, none of the other failed/closed regional parks included in the study were located in California or Florida, and quite a few were outside of what is traditionally considered the U.S. Sun Belt States (states in the southern half of the U.S. mainland, known for moderate winter temperatures), some a long way out; e.g. Magic Mountain in Colorado, Freedomland USA in New York, Pleasure Island in Massachusetts, Old Chicago in Illinois, SeaWorld in Ohio, Autoworld in Michigan, and Boyertown in Pennsylvania.

Poor weather in the shoulder seasons, resulting in shorter operating seasons, is a more likely occurrence in the regional markets. Ultimately, such challenges may have led owners to consider alternative uses of the underlying property. Both the failed regional theme parks Freedomland USA in New York and Pleasure Island in Massachusetts recorded the weather-related event variable of a constrained operating season/length and the event variable of a higher best use of the property ("Freedomland," 1962; "Freedomland Out," 1965; McLaughlin, 2014; "Off-Season," 1966) – a relationship worth exploration in subsequent studies.

This study is the first to note that theme parks are more susceptible to failure if they operate in regional geographic markets than if they operate in destination markets of Southern California and Central Florida. This may be due to vulnerabilities in these regional markets or it could be that the markets of Southern California and Central Florida are the most conducive to theme park success.

Lack of Space for Expansion

Unlike the surviving parks, about a third of all failed/closed theme parks reported a lack of space for expansion. Theme parks, especially those located in regional markets that draw from the same feeder markets year-after-year, need to constantly refresh their product offering; it becomes a market expectation that every other year a new ride or show will be added to the roster of attractions (Price, 1999). When a park has run out of room to accommodate these additions, current rides and attractions must be removed to make way for the new. This results in an additional expense for the park, which detracts from overall profitability.

Successful parks have had to address this limitation as well: Disneyland had to expand into its former parking lot space to add a second park to the resort (O'Brien, "Pressler cites,"

2001), and Universal Studios Orlando had to remove the relatively popular Jaws attraction to make way for the more popular Diagon Alley addition (Bevil, 2011).

Nonetheless, such a lack of foresight to plan for the dedication of land to expand into has contributed to failure/closure at parks as diverse as Pacific Ocean Park in California ("At the Fun Parks: Pacific Ocean Park," 1965), which was mostly located on a pier extending into the Pacific Ocean, to the two closed Busch Gardens (in Houston, Texas, and Los Angeles, California) that were built on land adjacent to their brewery operations, where no large parcels remained to accommodate park expansions ("Busch Converts Houston Gardens," 1973; "Busch Gardens now Busch bird sanctuary," 1977). Even more constricting, The World of Sid & Marty Krofft in Atlanta, Georgia was located indoors, surrounded by an attached hotel, leaving no space for growth ("Krofft Park to reopen?" 1977). Similarly, MGM Grand Adventures in Las Vegas was surrounded by a successful hotel/gambling development that constrained the viability of its expansion (Strow, 2001).

Low Customer Satisfaction / Not Enough to Do / Inadequate Park Capacity

Theme parks that survive are not known for low customer satisfaction or an inadequate number of attractions to absorb crowd volumes – only one report of this event variable was reported among a surviving theme park, while nine instances of this event variable were reported among the failed/closed theme park sample. Of these nine failed/closed theme parks, all were closed after only brief operating tenures of ten years or less, but the majority of these (six of the nine) closed in less than five years, which highlights how crucial customer satisfaction is to long-term theme park survival. A core competency of any theme park is to provide patrons with enough to do to justify the price of admission (Price, 1999). To not do so is to invite guest complaints, leading to low customer satisfaction, and, frequently, a resulting business failure.

Accidents / Violence / Bad Word of Mouth about the Parks

This event variable was found to be significant between the two samples, but the higher frequency of events was reported among the surviving theme park sample. An unanticipated result that can be attributed to the longer tenures (total years of operation) exhibited by the surviving theme parks included in the study. Over time, all theme parks, regardless of if they failed or closed or survived, will experience such events: there are ride accidents, acts of violence, and other negative events that may occur inside theme parks, all of which result in (temporary) negative "word of mouth" publicity. Successful parks overcome these events and continue to survive.

One example of an in-park accident that had been cited as a direct contributor to a park's closure happened in 2007 at Kentucky Kingdom. A teenaged guest had both feet severed on a drop ride, which was then permanently shut down (Ahles, 2007). Yet even with all the surrounding negative publicity, the park still completed its 2007 and 2008 seasons before announcing its permanent closure (Hendric, 2010). Other accidents have occurred at other parks that managed to overcome the bad publicity and prosper in subsequent years. The actual "event" that matters is the ability to manage through the negative publicity and rely on the goodwill that has been engendered from past operational competence and delivered customer safety and, consequently, satisfaction.

Excessive Debt / Refinancing / Cash Flow Issues / Unprofitability

The existing business failure analysis literature confirms that being over-leveraged, over-extended, experiencing greater cash outflows than inflows, and general instances of unprofitability are overwhelmingly cited as precursors to failure/closure (Bollen et al., 2005; Longenecker et al., 1999; Pretorius, 2008; Scherrer, 2003). This also holds true within the theme

park industry: 16 of the 23 failed/closed theme parks reported this type of financial issue, while only seven of 23 surviving theme parks did. Theme parks are magical spaces, where reality can be suspended (Adams, 1991; Lawson & Baud-Bovy, 1977; Lyon, 1987; Pikkemaat & Schuckert, 2007); nonetheless, they are businesses, with the need to return profits to investors and owners; without such financial results there can be no expectation of survival over time.

Declared Bankruptcy / Temporary Closure

The most frequently occurring event variable among the failed/closed theme park sample was instances of declared bankruptcy or temporary closure; 20 of the 23 failed/closed theme parks reported such an event. To declare bankruptcy without closing indicates that the business is seeking temporary protection from creditors while declaring a plan for recovery that details a business scenario in which the operation can achieve profitability and pay off its creditors. Such an event is a glaring warning questioning future success; nonetheless, it can also be a first step toward recovery. However, as shown by these results, 87 percent of failed/closed theme parks declared bankruptcy or closed temporarily and still ultimately closed for good. Consequently, a recovery after this type of event is difficult. Among the surviving theme parks, eight declared bankruptcy yet managed to overcome this setback. Interestingly every one of them is operated by the Six Flags Entertainment Corporation, which successfully emerged from its 2009 declaration of Chapter 11 bankruptcy in 2010 (Robinson-Jacobs, 2010).

Higher Best Use for the Property

None of the surviving theme parks in the study reported that their owners believed that the park property could be more profitably developed as an alternative business. However, this event occurred eight times among the failed/closed theme park sample. These voluntary closures imply that the parks were not operating at the level of financial success that was originally

envisioned by their owners and the opportunity existed to develop the property as an alternative use that would return greater profits to investors.

It is demoralizing to think that theme parks beloved by their patrons are more valuable to their owners when developed as something else. Nonetheless such events have occurred numerous times; for example, Freedomland USA in New York City and Marco Polo Park in Florida were both redeveloped as residential ventures ("Freedomland Out," 1965; "New Management," 1975). Astroworld in Houston, Texas was closed with the intention of repurposing the property as a mixed-use retail-residential project ("Six Flags Selling," 2005); however, the financial downturn of 2008 curtailed this plan and, to date, the former park site remains undeveloped. Likewise, Opryland in Nashville, Tennessee was transitioned to become an outlet mall, capable of operating every day of the year versus its prior use as an outdoor entertainment venue, operable only at times when outdoor temperatures were accommodating (Burnside, 2005). Pleasure Island in the Boston area became an office park (McLaughlin, 2014), and MGM Grand Adventures in Las Vegas was absorbed into the surrounding resort/casino development (Strow, 2001).

H_1 – Non-Significant Event Variables

Fourteen of the 21 event variables in the study did not exhibit a significant difference in frequency among the two sample groups. This is notable because these events were selected for inclusion in the study based on the expectation that they were likely contributors to theme park business failure, as revealed by a review of the literature on the theme park industry. As such, these non-significant event variables should not be eliminated from subsequent research into failure/closure in this industry. At a minimum, this study has managed to catalogue the frequency of these events among the 46 theme parks included in this study.

Opening in One Decade versus Another / Changing Demographics

It was expected that failures/closures of theme parks would be more frequent earlier in the advent of the industry; in other words, there was the anticipation that the rate of theme park failure/closure would be higher in the 1950s and 1960s than in later decades, as early theme parks were untested. Managers/operators had not yet learned the trends, the guest expectations, and strategies to exploit opportunities to increase revenues. In addition, the earliest theme park failures had no "white knight" to turn to as potential saviors. At this time no existing theme park chains had developed that might be interested in acquiring a struggling theme park at a discounted price. Starting in the mid-1970s, Six Flags Corporation began systematically making acquisitions of distressed theme parks, applying the Six Flags operational and marketing expertise, and extending the "Six Flags" brand onto the struggling operations. Later in this same decade, CedarFair also took on this role of acquiring stressed theme parks (e.g. Valley Fair in 1978) whose only other alternative in an earlier time would have been closure (Milman & Kaak, 2018). Such a relationship between the rate of failure/closure and the decade of opening was not borne out by the results. The small samples for these discreet timeframes might have made it difficult for this trend to emerge, but these findings do reinforce the observation that failure/closure is a normal part of the theme park industry lifecycle that tends to remain consistent over time.

Acts of Nature / Natural Disasters, Excessive Maintenance Costs

A total of 14 theme parks in the study (30 percent) reported some type of adverse act of nature or natural disaster. Environmental events are not uncommon occurrences for operations within the outdoor entertainment industry. The Six Flags Jazzland park in New Orleans, Louisiana was never able to physically recover or reopen after the devastation/extended flooding

from Hurricane Katrina in 2005 (Koranteng, 2006). This is the only direct instance of a natural disaster definitively resulting in the closure of a theme park. But, a series of three hurricane strikes in 2004 on the Cypress Gardens theme park in Central Florida ("Digest," 2004) contributed to several temporary closures, culminating in the park's eventual shutdown in 2009.

Well managed theme parks should have contingency plans for such events that include methods for physically recovering from the devastation, and for communicating publicly that the park will return to normal as soon as it is determined that all operations are safe. Among the surviving theme park sample, Adventureland in Iowa was directly hit by a tornado in 1974, its first year of operation. The storm destroyed several the structures in the park's entry plaza, but the park persevered, and even opened a rollercoaster several years later named the Tornado to commemorate this event (Baltes, 2006).

Complaints from Surrounding Residents

Only two instances were recorded for this event variable, too few to perform any statistical tests on the results. Such events are likely to happen prior to the eventual development and opening of the park. In other words, if there are recorded complaints against the proposed development of a theme park, it is likely that the park never is opened. Probably the most renowned instance of such an event involves the protests organized against the proposed development of Disney's America in the Virginia suburbs of Washington, D.C. in the mid-1990s (Turner, 1994).

Theme Park Market Concentration / New Competitors in Market

Regional theme parks that have opened in a market with an incumbent theme park operator have mostly resulted in the closure of one of the two competitors. In the past, theme park operators have explicitly attributed local competitors as a reason for their closure. For

example, Busch Gardens in Houston could not establish success against crosstown competitor Astroworld ("Busch Converts," 1973); Busch Gardens Los Angeles could not withstand the competition of other parks in the Los Angeles area ("Busch Bird Sanctuary," 1977); Old Chicago closed after Marriott's Great America opened in Illinois; The World of Sid & Marty Krofft was not able to effectively compete with Six Flags Over Georgia ("Krofft Park," 1977); even Freedomland USA called it quits rather than compete for another season with the temporary New York World's Fair ("Freedomland Out," 1965).

Yet, enough other regional markets have managed to sustain the successful operation of two parks to prevent this variable from being significant, notably: Northern California (Six Flags Discovery Kingdom and Great America); Suburban Washington D.C. (Kings Dominion and Busch Gardens, Williamsburg); and San Antonio, Texas (SeaWorld and Six Flags Fiesta Texas).

Failing in Five Years or Less

Again, this event variable did not achieve a significant difference between the two samples. An unexpected outcome given that multiple prior studies have demonstrated that businesses in general are more susceptible to failure in the first years of their operation (Ooghe & De Prijcker, 2008; Pretorius, 2008; Stinchcombe, 1965; Thornhill & Amit, 2003), and in fact, the majority (52%) of failed/closed theme parks in this study did fail within the first five years of their operation. Nevertheless, this proportion was not significantly different from the overall theme park failure rate of 30%. If anything, this can be attributed to the scale of theme park operations, which imply a level of business expertise and financial stability that might enable the parks to survive for a longer time than in comparison to averages for failed businesses overall.

Constrained Operating Season / Length

Only three parks in the study explicitly reported this event variable as a contributing factor to failure/closure. It is notable that the three parks were all located in northern U.S. geographic markets: New York, Massachusetts, and Ohio. Nonetheless, theme parks do manage to successfully operate in northern markets such as Ohio, Michigan, Iowa, Minnesota, New Jersey, and even two in Canada, thereby explaining why this event variable did not achieve significance.

Pricing / Ticketing / Discounting Strategies or Price Reductions

This event variable was intended to gauge whether discounting strategies implemented by theme parks were indicators of financial distress or hyper-competition that might precede a business failure/closure. Overall, this event turned out to be rather rare; only three failed/closed theme parks recorded this event variable and only one of the surviving theme parks succumbed to this type of strategy. Discounting is a questionable strategy; there is the concern that if a business discounts, even once, customers will begin to expect discounts as a norm and resist paying the non-discounted price (Walden, 2009). As an example, throughout the 2008 economic crisis, Walt Disney World did not discount admission prices to its parks but did offer discounted hotel rooms and dining packages to entice hesitant consumers (Clarke & Garcia, 2011).

Overpriced Relative to Similar Attractions in the Same Geographic Market

This was a rarely observed event variable; only two theme parks (both of which ultimately did fail and close) priced themselves higher than the immediate competition (The World of Sid and Marty Krofft in Atlanta, and MGM Grand Adventures in Las Vegas) and in the case of the Atlanta park, it was not that the admission price was higher than its in-market competitor (Six Flags Over Georgia), but the perceived value of the park product as measured by

the reasonable length of stay and the comparable number of attractions, was lacking in comparison to the established park ("World of Sid," 1977).

Construction Cost Overruns / Delayed Openings / Not Complete at Opening

Occurrences of this event variable were evenly distributed between the two samples. Construction cost overruns are common in commercial construction and have occurred among a number of theme parks that have failed/closed: Freedomland USA ("Prescription," 1961); the two indoor theme parks, The World of Sid & Marty Krofft and Old Chicago (Mitchell, 1976; Powell, 1977), and others.

Theme parks that have survived also encountered such challenges: Magic Mountain in California ("Magic Mountain Jammed," 1971); and Six Flags Over Mid-America in St. Louis, whose cost overruns so concerned the Six Flags Corporation that management vowed never to construct a theme park from scratch again, and from then on pursued a corporate policy of buying struggling theme parks and injecting them with management and marketing expertise as a growth strategy (Price, 1999). Famously, the cost of constructing Epcot in 1982 ballooned from the original estimate of $400 million to $1.2 billion. The park was successful, but the resulting financial burden on Walt Disney Productions led to Wall Street takeover attempts on the company and ultimately a major management change in 1984 (Taylor, 1987).

Delayed openings among the theme park sample are less common than the occurrence of construction cost overruns but have the potential to be more damaging. Delayed openings result in adverse publicity, loss of expected revenue, and added carrying costs as construction continues beyond the deadline, interest payments continue to be payed, and admission revenue is not realized.

Great Adventure in New Jersey, a surviving park sampled in the study, missed its spring 1974 planned opening, eventually opening in the summer season (Lander, 1975). It has survived but has experienced a number of ownership changes over time. One of the earliest theme parks, Magic Mountain in Denver, experienced numerous delayed openings and once it finally opened, it was never a viable operation and soon closed ("Judge Sets," 1961). More recently, Disney's Shanghai Disneyland park was pushed back from a planned 2015 opening to an eventual opening in 2016 (Fritz & Areddy, 2015). A surprise coming from the most experienced of theme park operators.

Sustained Attendance Declines, Year-over-Year

This is a most common event within the theme park industry. Of the 46 theme parks sampled in the study, 31 (67%) reported year-over-year attendance declines from time to time. Although this is not a significant event between the two samples, attendance declines often occur in the year that follows a year of attendance increase, resulting from the addition of a major new attraction (Price, 1999). In addition, external events such as weather, the economy, gas prices, or new competitors can cause a temporary decline in annual attendance. As long as these downturns can be contained, it appears that these event variables do not become an ultimate cause of business failure/closure.

Lack of Maintenance or Reinvestment

While it was expected that a lack of maintenance or the failure to reinvest in the park would be drivers for theme park closure, only two occurrences were reported, both among the failed/closed sample. Pacific Ocean Park in California was not reported as failing to upkeep its facilities or failing to reinvest in new attractions, but it did report excessive maintenance costs due to its location on the Pacific Ocean coast (Stanton, 1987). Libertyland in Memphis,

Tennessee did record instances of declining park maintenance in the years prior to its closure in 2005 (Stevenson & Ogle, 2017). Throughout the industry, it appears that park operators have internalized that, at a bare minimum, they must keep up with maintenance and reinvestment campaigns to survive. Even theme parks that went on to fail/close tended to maintain appearances and add new attractions up to the end of their operations.

Excessive Number of Lawsuits

Reports of lawsuits filed against a theme park imply poor management and/or inadequate operational procedures. Nonetheless, these events do occur from time-to-time and can be considered a part of normal business operations. There is no known overwhelmingly sensational lawsuit that has been brought against a park that so damaged its reputation that it can be pointed to as the contributor to its business failure/closure. Thus, the explanation of why this event variable did not emerge as a significant differentiator between the two samples.

Instances of Mergers / Acquisitions or Change of Ownership

This was the most commonly occurring event variable in the study. Overall, there were 35 reports of mergers, acquisitions, or changes of ownership among the 46 theme parks (an incidence rate of 76%). This appears to be a norm within the theme park industry. Frequently, individual parks were merged or changed hands multiple times throughout their lifespans—this was true of both failed/closed and surviving parks. SeaWorld Ohio, a part of the failed/closed sample, was acquired eight times over its operational history (1970 to 2007); among the surviving sample, Great Adventure in New Jersey (opened in 1974) also was sold eight times. Cypress Gardens in Central Florida changed ownership six times before closing for good in 2007; Magic Mountain in Southern California (opened in 1971) has experienced six owners, to date, in its lifespan.

As the results indicate, there is not something inherently wrong with frequent ownership changes. In fact, prior studies have suggested that merging is a common strategy for avoiding business failure/closure (Hamer, 1983; Peel & Wilson, 1989; Shrieves & Stevens, 1979). However, it was expected that numerous changes of ownership, implying leadership transitions and alternating business strategies, would contribute to business discontinuity and eventual failure, but this is not the finding of this study within the theme park industry.

Management Corruption / Graft, Vandalism / Sabotage

Although such events have the potential to be quite sensational and grab headlines, this event variable did not achieve a statistically significant difference between the two samples. None of the 23 surviving theme parks reported such an occurrence, but four from the failed/closed sample did. Corruption occurs among all industries and in all sizes of companies (Keasey & Watson, 1991), but was only noted at one theme park in the sample – Magic Mountain in Denver, Colorado – where a member of the senior management team withdrew the corporation's treasury and fled the State, leaving an already struggling theme park with an insurmountable cash flow issue ("Judge Requests," 1962).

The other three occurrences all involved internal vandalism or sabotage, more specifically arson. None of these arson events were conclusively tied to park ownership: Pacific Ocean Park burned down after it had already failed and closed ("Fire Completes," 1973); and, Marco Polo Park experienced a suspect fire event that was then followed up by another questionable fire event a few days later ("Marco Polo Blaze," 1975). Alleged attempts to end a business in such a manner appear quite amateurish, below the expectation of management decorum for an enterprise as large as a theme park operation. It can be imagined that a failing restaurant owner may attempt to burn down their operation as a way to vacate the business, but it

is difficult to conceive of such an occurrence being successful at an operation as dispersed as a theme park.

In closing, hypothesis one showed that the frequency of event variable occurrences was significantly more common among the failed/closed theme park sample than among the surviving theme park sample. The individual event variables most commonly associated with the failed/closed theme park sample (sorted by frequency of occurrences) were:

1. Declaring bankruptcy or temporarily closing with the intent to reorganize
2. Being plagued with excessive debt, cash flow issues or general unprofitability
3. Reputation for low customer satisfaction – defined as not having enough to do in the park/inadequate capacity/long lines
4. Development pressure stemming from owners'/developers' belief that there is a higher best use for the property as something other than a theme park
5. Running out of room or having limited space for expansion
6. Being located in a regional geographic market versus a location in one of the destination theme park markets of Southern California or Central Florida

Fourteen of the measured event variables did not occur at a frequency statistically significant between the two samples:

- Opening in a specific decade
- Experiencing a natural disaster
- Receiving complaints from surrounding residents about the park's operation
- The addition of direct theme park competitors in a single market
- Failing/closing in five years or less
- Constrained operating season/length due to local climatic conditions

- Engaging in price reductions/discounting strategies
- Being overpriced relative to comparable attractions
- Experiencing construction cost overruns or delayed openings
- Experiencing sustained (year-over-year) attendance declines
- Failing to adequately maintain or reinvest in the park
- Being subject to numerous lawsuits
- Engaging in frequent mergers or being acquired by other companies
- Association with management corruption/internal vandalism

The remaining hypotheses consider event variable occurrences among the failed/closed theme parks only. Specifically, these hypotheses use the structure of the theoretical model to determine which model constructs are the most frequent contributors to failure/closure within the North American theme park industry.

Hypothesis 2

H_2 – The number of event variable occurrences is greater for the internal constructs than for the external constructs among the failed/closed theme parks

There is no apparent difference between the contribution of event variables internal versus event variables external to failure or closure among the failed/closed parks in the study. This hypothesis includes the entire 21 event variables included in the study but segments them into those internal to the operation of a theme park versus those external. This tests a seminal argument: is a business more likely to fail due to its internal strategy, tactics, funding choices, or marketing initiatives, or can circumstances beyond its control (the economy, political or social events, or the level of immediate competition) affect the eventual success of the enterprise?

Prior studies that have analyzed this dynamic have shown that success or failure is more dependent on internal business factors. Fredland and Morris (1976) acknowledged in their study that, although it is not possible to isolate the sources of failure, causation factors can be divided into those "endogenous" (internal) versus those "exogenous" (external) to the firm. They note that the business community considers failure to be overwhelmingly attributable to internal conditions, while those firms surveyed after failing, typically, blame external conditions. Their conclusion is that internal and external factors both contribute to general business failure, but internal causes are the more likely contributors, especially since failed firms and surviving firms both are subject to external events.

Boyle and Desai's (1991) review of 44 published studies on business failure showed only a few failures were attributable to external causes while the overwhelming majority were attributable to internal factors. Theng and Boon (1996) sampled 300 randomly selected companies in Singapore, revealing that the companies ranked internal factors to be more influential contributors to failure than the impact of external factors.

It was assumed that this relationship would hold for the theme park industry as well. However, no statistical difference was noted in the results, which does not prove that one construct (the internal or the external) was more of a contributor than the other. But, considering that prior studies favor the contribution of internal events to failure, and this study cannot affirm this result, it opens the discussion whether within the theme park industry, external factors have the potential to be more impactful to the success or failure of theme parks.

Theme parks are impacted by common external conditions such as the economy, changing technology, government regulations, and changing cultural/social factors, but are also subject to consumer sentiment, the price of gasoline, and even local weather conditions. It is

possible that the impact of external conditions is more profound on this industry than on other industries that are not so closely tied to consumer discretionary spending or have the potential to be adversely impacted by new, alternative forms of entertainment that do not require the consumer to venture out of their household to consume the product.

Further analysis should be conducted to refine and isolate the impact of external event variables on the eventual success or failure/closure of ventures within the theme park industry and the greater outdoor entertainment industry. The peculiarities of this industry (mostly operating outdoors, often operating on a seasonal basis only, and its discretionary nature), might make it more susceptible to external impacts, and this is worthy of continuing study.

Hypothesis 3

H_3 – The number of involuntary closures is greater than the number of voluntary closures among the failed/closed theme parks

Theme parks are more likely to fail and close due to complications associated with financial or operational failure than due to the voluntary choice of management to close the operation. This hypothesis confirmed that involuntary failure was more common among the sample. Nonetheless, as this study developed, the prevalence of event variable instances where a theme park was closed for voluntary reasons became apparent – 35 percent of the 23 failed/closed theme parks in the study included voluntary choices by owners to cease the operation. This implies that the underlying land could be developed as a more viable, and presumably more profitable, venture than a theme park. In other words, there was an available higher best use of the property.

The frequency of instances of a higher best use for an operational theme park included in the study resulted in adapting the inherited theoretical model of Ooghe and De Prijcker (2008) to

display that business failure can be due to "involuntary failure" (the more anticipated type of failure, attributed to calamity, insolvency, or the declaration of bankruptcy) or can be due to "voluntary closure," attributed to owner retirement/sickness/death, or the desire to pursue more lucrative, alternative financial uses (Bates, 2005; Coad, 2014; Ulmer & Nielsen, 1947).

It must be acknowledged that the prevalence of voluntary closure does not imply that these parks were profitable at the time of their redevelopment, nor were they free of other operational challenges. None of the eight theme parks that succumbed to voluntary closure reported only this as an event variable. In fact, these eight parks exhibited an average of 8.5 event variable occurrences, greater than the overall average of seven event variable occurrences among the total failed/closed park sample. It is likely that the owners of any financially struggling park began to explore ways to improve the operation, some of which included the option to dispose of the current operation and redevelop it as something more profitable. Having such an option might accelerate the decision to close the park rather than invest in improving it.

Of the eight failed/closed theme parks that ceased operation due to voluntary closure only two can be considered to have been financially viable at the time of their closure: Opryland in 1997 and Astroworld in 2005 (Burnside, 2005; O'Brien, 1997). A deeper exploration of the events, timeline and process of closure for these two parks could provide additional insights into business failure analysis within the theme park industry, as well as insights into the phenomenon of voluntary business closure.

Hypothesis 4 and Hypothesis 5

H_4 – There is a significant difference in the number of event variable occurrences due to leadership/employee capabilities or strategic/operational policy event variables, than the number

of event variable occurrences due to company characteristic associated event variables among the failed/closed theme parks

H_5 – There is a significant difference in the number of event variable occurrences due to external event variables, than the number of event variable occurrences due to company characteristic associated event variables among the failed/closed theme parks

The last two hypotheses sought to identify a relation among the company's characteristics construct and other constructs in the theoretical model. The company's characteristics construct is comprised of business traits such as the age, size, and even the industry of the company. The event variables from this study included within this construct are failing in five years or less (a surrogate of company age), and market condition factors such as whether the theme park is located in a destination market versus a regional geographic market, operating season length, and having room to expand the current theme park facility.

Previous studies have singled out company characteristic-like variables as contributors to business failure and were the basis for exploring these hypotheses. For example, business traits such as the contribution to failure of a business' age or size have been studied by Kale and Arditi (1998), Ooghe and De Prijcker (2008), and Pretorius (2008). Snyder and Glueck (1982) examined the impact of industry affiliation on business failure rates.

Hypothesis four compares these company characteristic event variables to the other two internal constructs of leadership/employee capabilities and strategic/operational policies. It was unknown which construct would dominate. The result was that no relationship was found and the hypothesis was rejected. Attributes related to a theme park's age, geographic location, or its access to lands to accommodate expansion contribute no more to its ultimate failure than do the

strategic, operational, leadership, or employee capabilities attributes included in the other two internal constructs.

Hypothesis five also measured the relative contribution to failure of the company's characteristics construct but this time with the two external constructs of the macro internal and macro external environment. The event variables included within these two constructs are concerned with the time (decade) the park opened, occurrences of natural disasters, complaints from surrounding residents, and the degree of in-market direct competition. Again, neither construct contributed more than the other to theme park failure in this study. No significant differences were demonstrated among the proportions of event occurrences among either of these sets of constructs. Future studies could focus on analyzing these variables in a more deliberate manner, and may provide insights not achieved in this study.

Study Purpose and Research Question Implications

As an intellectual pursuit, this study sought to rectify gaps in the field of business failure analysis, specifically those related to the theme park industry. The failure or closure of a theme park results in losses for investors, loss of employment, and a decline in the overall reputation to the professional credibility of the surviving establishments in the sector. As such, it is worthy to seek ways to prevent failures in the future.

The findings of this pioneering study demonstrate that failed/closed theme parks exhibit characteristics that managers of any current theme park operation should be aware of. The occurrence of any one of these events does not imply that failure is imminent, but serve as an early warning sign of potential operating issues that must be addressed in the effort to prevent subsequent decline.

The overarching research question of this study sought to identify the causes or events that have contributed to the closure of almost a third of all theme parks that have opened in the North American market between the years 1955 and 2009. The findings of this study identified six events that are more common to failed/closed parks than to surviving theme parks: location outside of a destination theme park market; lacking room for expansion; low customer satisfaction; financial/debt issues; declaring bankruptcy with the intent to reorganize; and the belief that the park property could be redeveloped into an alternative, more profitable use. Any current theme park operator should be aware of these signs of future trouble and strive to avoid these occurrences and acknowledge if these events do occur that they must be addressed to avert operating challenges that can lead to business failure and closure.

Theoretical Model Implications

This study affirms that event variables associated with the theme park industry can reside within the constructs of the Ooghe and De Prijcker (2008) conceptual failure model. The external operating environment construct (changing demographic trends, timeframe of opening, natural disasters, competitors, and market concentration) as well as the construct of company characteristics (age and location) are just as meaningful in the context of theme park industry failure/closure as in the broader study of business failure analysis literature. This relevance is also true for the model's constructs of leadership/employee capabilities and the strategic/operational policies pursued.

However, Ooghe and De Prijcker's (2008) model failed to consider "voluntary closure" as a business failure outcome. Businesses fail to exist not always due to a financial failure that leads to bankruptcy, but sometimes due to planned decisions to close. Owners can become ill, retire, or die and the business is subsequently closed. In other instances, business owners choose

to close a business not because it is failing economically, but because they determine that more value could be obtained by operating the site as a more profitable business than a theme park (Bates, 2005; Coad, 2014; Theng & Boon, 1996; Thornhill & Amit, 2003; Ulmer & Nielsen, 1947; Watson & Everett, 1993, 1996). The adopted theoretical framework presented in this study augmented the construct of "failure" with the addition of "voluntary closure" to allow for this nuance in the reality of business failure/closure.

Although Ooghe and De Prijcker (2008) symbolized in the graphical design of the model the relevance of the two opposing external constructs versus the three constructs internal to organizations, this demarcation was not made explicit. The adopted model used in this study incorporated a line that stresses this divide between external causes and internal causes of business failure/closure.

Recommendations—Implications for Practitioners

Identifying what events have preceded failure or closure at theme parks can inform theme park operators and decision makers of the potential pitfalls that can befall their current operations. Additionally, foreknowledge of the events that have contributed to failure in this industry can inform future developers as they evaluate the potential of expanding into the burgeoning theme park markets of Asia and Latin America (TEA/AECOM, 2016).

Theme park failures or closures result in financial losses for investors and employees, and damages to the reputation of the management team (Daily, 1994; Weitzel & Jonsson, 1989). There are also collateral damages for the rest of the industry that follow from any failure of a theme park firm – theme park closures frequently become media sensations, with correspondingly negative connotations for the overall industry (Daily, 1994; Hill, 2014; Jacques, 1985). Thus, preventing such collapses can serve to enhance the professional and business

credibility of the industry. Whatever insights this study can provide into the business failure process could serve to prevent or better manage such business closures in the future.

Contribution of the Research to the Tourism/Hospitality Literature

The current study aimed to fill a noticeable gap in the tourism and hospitality literature. For business, in general, a large body of literature exists on failure analysis, theories have been developed on the types of businesses that fail, when they fail, and how they fail. Within the tourism and hospitality literature, academic studies have been dedicated to failure in the restaurant segment (Gu, 2002; Parsa et al., 2005), the lodging segment (Baum & Haveman, 1997; Baum & Ingram, 1998; Baum & Mezias, 1992; Ingram & Baum, 1997), and the special events segment (Getz, 2002). However, no work had examined when or why theme parks fail. This study attempted to fill this gap by unveiling the factors that have contributed to failures and closures in the North American theme park market.

The findings obtained from this study, although focused on failure events specifically among theme parks, can provide insights into the general business failure/closure/bankruptcy academic knowledge stream. Additionally, this study has renewed the use of the events approach to study business failure analysis, which had been neglected since the 1990s (Giroux & Wiggins, 1984; Kwansa & Parsa, 1990; Tavlin et al., 1989).

Researcher Reflections / Study Limitations

Researcher Assumptions

Throughout the study, it was assumed that theme parks could be adequately studied separately as an industry despite the relative small number of firms. A total of 76 theme parks have operated in the North American geographic market between the years of 1955 to 2009; this

study considered only 46 of these and then further segmented them into two sub-groups: parks that had failed/closed and those that have survived. The limited number of parks sampled constrains the types of analysis that can be conducted, which led to the adoption of the events approach method. Nonetheless, even with the limited sample size, most event variables (except one) in the study achieved the necessary number of occurrences (at least four occurrences) to complete the analysis.

Another assumption of this study is the acknowledgment that the occurrence of an event variable at a theme park, and its subsequent business failure, does not establish that a causal relationship exists. Similarly, the study assumed that certain events do precede others, and some of these events can contribute to the ultimate business failure of parks. However, this study is not able to meet all the criteria of causality, notably the ability to eliminate "plausible alternative explanations" (Trochim, 2001, p. 174), but it did assume that events and failures can unfold in a linear fashion over time, and insights can be gained from an analysis of this process.

Researcher Bias

Prior knowledge of and experience within the theme park industry led to researcher bias in the study. Previous research into failure events at theme parks were the basis for the inclusion of some of the event variables measured in the study. This introduces a bias into the study – the event variables measured are those that have already been associated with theme parks failures. Therefore, it is to be expected that the study's event variables are more likely to be more associated with the failed/closed theme park sample. Nonetheless, not all the measured event variables proved to be relevant, and the study was able to refine among the analyzed 21 event variables to show which were actually significant, and those that had only been expected to be contributors to theme park failure/closure.

Delimitations

This study is limited to the North American market, mainly theme parks located within the United States and Canada. This market is the oldest, most established global theme park market and achieves the highest market penetration (number of visits) per capita in the world (PricewaterhouseCoopers, 2007). There is a vibrant theme park industry in Europe and Asia, and an emerging theme park industry in Latin America, but parks from these regions are not included in this study.

This study's timeframe encompasses the years 1955 to 2009, which includes the entire lifespan of the North American theme park industry, except the most recent nine years in which no theme parks have opened or closed in this region. This study included only theme parks as units of analysis; traditional amusement parks, water parks, family entertainment centers, or stand-alone attractions of any type were not included. However, the ultimate findings from this study might be applicable to these other sectors of the attractions industry.

Furthermore, the parks included in this study excluded any theme parks with sustained annual attendance levels of more than five million per year. Parks operating on such a scale have yet to fail, and are of a scope of operations in excess of the subject business units included in this study.

Suggestions for Future Research

Although prior studies have tabulated the numerous variables that are associated with business failure in general, it is rare to find unique variables tied to the causes of failure for a particular industry segment. This study tested 21 event variables of which six were shown to be more significantly associated with failed/closed theme parks. However, some of the 14 event variables that did not achieve significance are still worth pursuing to understand what

contribution they might have on failure analysis, or to determine that they might be contributors to theme park success.

Also of interest to future research are the event variables collected as part of this study that were not used. Of the 616 event variable occurrences collected, 224 were not included in the study, either because they occurred at a theme park that was not included in study's sample, or because the frequency of occurrence was too small to adhere to the requirements of the chi-square test. Nonetheless, these unaddressed event variables could be instructive in future studies, and are reported below for consideration in future theme park analytical studies (see Table 12).

Table 12. Event Variables Identified but Not Utilized in the Study

Unused event variables
Difficulties finding employees/staffing
Year-over-year net revenue declines
Choosing to close on a certain day of the week (frequently Mondays) during the high season, or transitioning from a daily to weekends-only operation
Park boycotted (for any reason)
Park utilized only one theme or removed theming to save costs
Park was considered boring or was too educationally oriented
Park was not adequately marketed/advertised
Access to the park was constrained due to surrounding construction/urban renewal efforts
High insurance costs (a frequent problem in the 1970s and into the 1980s)
Difficulty obtaining city permits or needed zoning changes
Overbuilt for the market
High gasoline prices

Among the tested event variables, it was surprising that some did not have an impact. The rates of theme park failure/closure were *not* significantly different early in the industry's lifetime than in more recent decades. It was thought that inexperience and the rush to capitalize on the theme park trend early in the development of the industry (the late 1950s through the

1960s) would have resulted in higher rates of failure at this time than the rates of failure recorded in later decades. This was not the finding. More research should focus on reconciling this result, or seek to prove that failure rates are a constant that can be expected to continue into the future.

It was hypothesized that the entry of a second theme park establishment into a regional geographic market would increase competition in the finite market resulting in an increased rate of closure. Anecdotally there are a number of instances of this occurrence, but it was not proven in this study. The impact of intra-market competition is still an intriguing topic for consideration by the theme park industry. Future studies might measure attendance variations resulting from the introduction of a second park in a market, and explore the tactics employed by the incumbent park to deal with the new competitor and vice versa. Were differing park characteristics employed by the two competitors in order to create two value propositions distinct enough to appeal to an overlapping customer bases, or were the parks too similar to both prosper in the same market?

The rate of failure for theme parks that failed early on in their lifecycle (the first five years of operation) were not significantly different from the overall rate of failure for the industry. Typically, young businesses are more susceptible to failure, yet this relationship was not proven among the theme parks in this study; exploring why is an avenue of future research. It may be that the scale of the industry – the large investment required to start a theme park – brings with it a stamina on the part of the investors to make the parks work even when initial results do not go as planned.

The most frequently occurring event variable in this study was mergers, acquisitions and changes of ownership among the theme parks sampled. This event variable occurred among both the failed/closed and surviving theme parks, at about the same rate. Such events are a

common occurrence within the industry. But what have been the impacts (positive and negative) of the consolidation of the industry into a few large theme park chains? Will this trend continue into the future, or have all the best acquisition candidates already been taken? Does the prospect of competing with or eventually being acquired by one of the large chains dissuade new entrants from entering the market?

Hypothesis two failed to demonstrate that event variable constructs internal to and directly controlled by the business contributed more to business failure than event variable constructs external to and beyond the control of the business. General business failure analysis literature finds that businesses fail due to misguided strategies, bad tactics, poor products, lackluster service, and poorly trained employees, rather than external factors such as political turmoil, the economy, government regulations or the weather. In this study, we cannot assert that either construct is more or less of a contributor of failure. Does this imply that external variables are more impactful on the outdoor entertainment industry than on business in general? That is a potential research topic for subsequent studies.

More consideration needs to be given to the role and impact of any theme park's management teams. Their management proficiency and the strategic directions they pursued can contribute as much to failure or survival as any event. Often this study focused on physical characteristics and external environmental influences on the operation, rather that focusing on management competency. The additional question needs to be asked, were the parks that failed poorly managed? And, can competent and innovative leadership be the difference between failure and success despite the event variable occurrences noted in this study?

Ways to Expand the Study: Implement on Differing Populations or Other Markets

There should be the expectation that the event variables identified in this study as contributing to the failure/closure of theme parks should be applicable to other sectors of the entertainment industry. Similar studies could be applied to the water park industry, the greater amusement park industry, and the family entertainment center sector (arcades, miniature golf, go-karts, bowling, etc.). In addition, the largest destination parks, the Disney, Universal and SeaWorld parks, were excluded from this study; however, the consideration of events at these enterprises would be as relevant and potentially illuminating as the consideration of events at the less attended regional theme parks. More specifically, this study design should be applied to the theme park industry in other global geographical markets such as Europe, Asia, and Latin America.

Suggestions of Differing Study Designs

The most obvious alternative study design would be to build on these findings through the conduct of an intensive exploration into a sampling of four to five failed theme parks via a case study analysis. This study method could trace the sequence and timing of events that precede a failure and document the actions taken and the strategies pursued to stave off a demise or to explore the events at a particular park that convinced an owner to close the enterprise to pursue what was expected to be a better more profitable alternative.

A limited survey or a Delphi-analysis of current and retired theme park veterans would provide inside perspectives on why parks and other attractions have failed. What were the misguided strategies and tactics pursued by failed competitors? How did competitors exploit these mistakes? How did sound operations avoid such missteps and learn from the failures of competitors? What are the reactions of these industry professionals to the findings of this study?

Summary

This chapter provided a broad review of the study and a discussion of its findings, including conclusions/interpretations to be drawn from the hypotheses, implications for practitioners, and recommendations for future research. This study is the first to explicitly investigate the causes of business failure and closure among the North American theme park industry and, hopefully, will serve as a framework for additional research on the subject.

Failed/closed theme parks experience more event occurrences than surviving theme parks overall, and specifically are more likely to record events related to: declaring bankruptcy or closing with the intent to reorganize; financial difficulties stemming from excessive debt, cash flow issues, and general unprofitability; low customer satisfaction attributed to too few attractions in the park, or inadequate capacity resulting in long lines; financial pressures to redevelop the theme park property as an alternative, more profitable use; and, limited space to accommodate the need for new rides and attractions. It is hoped that the findings presented here provide value to current and future operators and developers of theme parks as they seek to maintain the viability of these enterprises for future audiences and investors.

APPENDIX A: TABULATION OF EVENT OCCURRENCES

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Acts of Nature/Natural Disasters, Excessive Maintenance Costs		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA		1	Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1		Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL	1	1	Magic Mountain, CA
Circus World, FL		1	Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA		1	Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR	1		Great Adventure, NJ
Opryland, U.S.A., TN	1	1	Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA	1	1	Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL	1		Legoland California, CA
Frequency	8	6	Frequency
Percentage	35	26	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Complaints from Adjoining Residents		Surviving Theme Parks
Denver's Magic Mountain, CO	1		Six Flags Over Texas, TX
Freedomland, U.S.A., NY			Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA	1		Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	2	0	Frequency
Percentage	9	0	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Theme Park Market Concentration/ New Competitor in Immediate Market		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA		1	Six Flags Over Georgia, GA
Busch Gardens Houston, TX	1		Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA	1	1	Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	1		Hersheypark, PA
Old Chicago, IL	1	1	Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA	1		Carowinds, NC
Boardwalk & Baseball, FL	1		Worlds of Fun, MO
Dogpatch USA, AR	1		Great Adventure, NJ
Opryland, U.S.A., TN	1		Adventureland, IA
MGM Grand Adventures, NV	1		Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX	1		Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC		1	Sea World Texas, TX
Kentucky Kingdom, KY		1	Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	11	5	Frequency
Percentage	48	22	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Failing in Five Years or Less		Surviving Theme Parks
Denver's Magic Mountain, CO	1		Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX	1		Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA	1		Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1		Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	1		Hersheypark, PA
Old Chicago, IL	1		Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI	1		Kings Island, OH
Boyertown, PA	1		Carowinds, NC
Boardwalk & Baseball, FL	1		Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA	1		Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC	1		Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	12	0	Frequency
Percentage	52	0	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Failure Rates: Destination vs. Regional		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY			Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA	1		Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1		Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL	1		Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL	1		Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL	1		Legoland California, CA
Frequency	6	0	Frequency
Percentage	26	0	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Constrained Operating Season/Length		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA	1		Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH	1		Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	3	0	Frequency
Percentage	13	0	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Lack of Space for Expansion		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY			Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX	1		Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA	1		Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	1		Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN	1		Adventureland, IA
MGM Grand Adventures, NV	1		Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX	1		Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	7	0	Frequency
Percentage	30	0	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Pricing/Ticketing/ Discounting Strategies/Price Reductions		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR		1	Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV	1		Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC	1		Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	3	1	Frequency
Percentage	13	4	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Overpriced Relative to Similar Attractions		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY			Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	1		Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV	1		Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	2	0	Frequency
Percentage	9	0	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Construction Cost Overruns/Delayed Openings/Not Complete at Opening		Surviving Theme Parks
Denver's Magic Mountain, CO	1		Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1	1	Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	1		Hersheypark, PA
Old Chicago, IL	1	1	Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA	1	1	Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR	1	1	Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN	1	1	Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH	1		Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	9	5	Frequency
Percentage	39	22	Percentage

Tabulation of Event Occurrences

Failed/Closed Theme Parks	Event Variable Name: Low Customer Satisfaction: Not Enough to Do/ Inadequate Capacity		Surviving Theme Parks
Denver's Magic Mountain, CO	1		Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA	1		Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	1		Hersheypark, PA
Old Chicago, IL		1	Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI	1		Kings Island, OH
Boyertown, PA	1		Carowinds, NC
Boardwalk & Baseball, FL	1		Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV	1		Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY	1		Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	9	1	Frequency
Percentage	39	4	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Sustained Attendance Declines/YOY Declines		Surviving Theme Parks
Denver's Magic Mountain, CO	1	1	Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1	1	Silver Dollar City, MO
Pacific Ocean Park, CA	1	1	Dollywood, TN
Pleasure Island, MA		1	Six Flags Over Georgia, GA
Busch Gardens Houston, TX	1	1	Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA	1	1	Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1	1	Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA		1	Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI		1	Kings Island, OH
Boyertown, PA		1	Carowinds, NC
Boardwalk & Baseball, FL		1	Worlds of Fun, MO
Dogpatch USA, AR		1	Great Adventure, NJ
Opryland, U.S.A., TN	1	1	Adventureland, IA
MGM Grand Adventures, NV		1	Busch Gardens Williamsburg, VA
Jazzland, LA	1	1	Valleyfair, MN
Astroworld, TX	1	1	Great America – Gurnee, IL
Libertyland, TN	1	1	Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH	1		Holiday World & Splashin' Safari, IN
Hard Rock Park, SC		1	Sea World Texas, TX
Kentucky Kingdom, KY	1	1	Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	12	19	Frequency
Percentage	52	83	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Lack of Maintenance/ Reinvestment		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY			Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN	1		Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	2	0	Frequency
Percentage	9	0	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Notable Ride Accidents/Violence in Park/Bad WOM		Surviving Theme Parks
Denver's Magic Mountain, CO		1	Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA			Dollywood, TN
Pleasure Island, MA		1	Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA	1		Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1	1	Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL		1	Magic Mountain, CA
Circus World, FL		1	Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI		1	Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL		1	Worlds of Fun, MO
Dogpatch USA, AR		1	Great Adventure, NJ
Opryland, U.S.A., TN		1	Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX		1	Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	3	10	Frequency
Percentage	13	43	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Excessive Number of Lawsuits		Surviving Theme Parks
Denver's Magic Mountain, CO		1	Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX		1	Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL			Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA	1		Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR	1		Great Adventure, NJ
Opryland, U.S.A., TN	1		Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH	1		Holiday World & Splashin' Safari, IN
Hard Rock Park, SC	1		Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	7	2	Frequency
Percentage	30	9	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Excessive Debt/Debt Refinancing/Cash Flow Issues/Unprofitable		Surviving Theme Parks
Denver's Magic Mountain, CO	1	1	Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA	1	1	Six Flags Over Georgia, GA
Busch Gardens Houston, TX	1		Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA	1	1	Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1	1	Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	1		Hersheypark, PA
Old Chicago, IL	1	1	Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI	1		Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL	1		Worlds of Fun, MO
Dogpatch USA, AR	1	1	Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA	1		Valleyfair, MN
Astroworld, TX	1	1	Great America – Gurnee, IL
Libertyland, TN	1		Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC	1		Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	16	7	Frequency
Percentage	70	30	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Instances of Declared Bankruptcy/Temporary Closure or Forever Closure		Surviving Theme Parks
Denver's Magic Mountain, CO	1	1	Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA	1	1	Six Flags Over Georgia, GA
Busch Gardens Houston, TX	1		Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA		1	Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1	1	Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA	1		Hersheypark, PA
Old Chicago, IL	1	1	Magic Mountain, CA
Circus World, FL	1		Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI	1		Kings Island, OH
Boyertown, PA	1		Carowinds, NC
Boardwalk & Baseball, FL	1		Worlds of Fun, MO
Dogpatch USA, AR	1	1	Great Adventure, NJ
Opryland, U.S.A., TN	1		Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA	1		Valleyfair, MN
Astroworld, TX	1	1	Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH	1		Holiday World & Splashin' Safari, IN
Hard Rock Park, SC	1		Sea World Texas, TX
Kentucky Kingdom, KY	1	1	Fiesta Texas, TX
Cypress Gardens, FL	1		Legoland California, CA
Frequency	20	8	Frequency
Percentage	87	35	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Instances of Mergers/Acquisitions/ Change of Ownership		Surviving Theme Parks
Denver's Magic Mountain, CO		1	Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA	1	1	Dollywood, TN
Pleasure Island, MA	1	1	Six Flags Over Georgia, GA
Busch Gardens Houston, TX		1	Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA		1	Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1	1	Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL	1	1	Magic Mountain, CA
Circus World, FL	1	1	Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI		1	Kings Island, OH
Boyertown, PA	1	1	Carowinds, NC
Boardwalk & Baseball, FL	1	1	Worlds of Fun, MO
Dogpatch USA, AR	1	1	Great Adventure, NJ
Opryland, U.S.A., TN	1		Adventureland, IA
MGM Grand Adventures, NV		1	Busch Gardens Williamsburg, VA
Jazzland, LA	1	1	Valleyfair, MN
Astroworld, TX	1	1	Great America – Gurnee, IL
Libertyland, TN		1	Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH	1		Holiday World & Splashin' Safari, IN
Hard Rock Park, SC	1	1	Sea World Texas, TX
Kentucky Kingdom, KY	1	1	Fiesta Texas, TX
Cypress Gardens, FL	1	1	Legoland California, CA
Frequency	16	19	Frequency
Percentage	70	83	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Management Corruption/Graft and Internal Vandalism/Damage/ Sabotage		Surviving Theme Parks
Denver's Magic Mountain, CO	1		Six Flags Over Texas, TX
Freedomland, U.S.A., NY			Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA			Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1		Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR	1		Great Adventure, NJ
Opryland, U.S.A., TN			Adventureland, IA
MGM Grand Adventures, NV			Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX			Great America – Gurnee, IL
Libertyland, TN			Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	4	0	Frequency
Percentage	17	0	Percentage

Tabulation of Event Occurrences			
	Event Variable Name		
Failed/Closed Theme Parks	Higher Best Use for the Property		Surviving Theme Parks
Denver's Magic Mountain, CO			Six Flags Over Texas, TX
Freedomland, U.S.A., NY	1		Silver Dollar City, MO
Pacific Ocean Park, CA	1		Dollywood, TN
Pleasure Island, MA	1		Six Flags Over Georgia, GA
Busch Gardens Houston, TX			Knott's Berry Farm, CA
Busch Gardens Los Angeles, CA			Six Flags Discovery Kingdom, CA
Marco Polo Park, FL	1		Six Flags Over Mid-America, MO
World of Sid & Marty Krofft, GA			Hersheypark, PA
Old Chicago, IL			Magic Mountain, CA
Circus World, FL			Busch Gardens Tampa Bay, FL
Six Flags Autoworld, MI			Kings Island, OH
Boyertown, PA			Carowinds, NC
Boardwalk & Baseball, FL			Worlds of Fun, MO
Dogpatch USA, AR			Great Adventure, NJ
Opryland, U.S.A., TN	1		Adventureland, IA
MGM Grand Adventures, NV	1		Busch Gardens Williamsburg, VA
Jazzland, LA			Valleyfair, MN
Astroworld, TX	1		Great America – Gurnee, IL
Libertyland, TN	1		Canada's Wonderland, Ontario
SeaWorld Ohio/Geauga Lake, OH			Holiday World & Splashin' Safari, IN
Hard Rock Park, SC			Sea World Texas, TX
Kentucky Kingdom, KY			Fiesta Texas, TX
Cypress Gardens, FL			Legoland California, CA
Frequency	8	0	Frequency
Percentage	35	0	Percentage

APPENDIX B: CHI-SQUARE TESTS FOR INDEPENDENCE RESULTS

Acts of Nature/Natural Disasters, Excessive Maintenance Costs Crosstabulation

			Acts of Nature/Natural Disasters, Excessive Maintenance		
			Yes	No	Total
Theme Park	Failed/Closed	Count	8	15	23
		% within Theme Park	34.8%	65.2%	100.0%
		% within Acts of Nature/Natural Disasters, Excessive Maintenance Costs	57.1%	46.9%	50.0%
		% of Total	17.4%	32.6%	50.0%
	Surviving	Count	6	17	23
		% within Theme Park	26.1%	73.9%	100.0%
		% within Acts of Nature/Natural Disasters, Excessive Maintenance Costs	42.9%	53.1%	50.0%
		% of Total	13.0%	37.0%	50.0%
Total		Count	14	32	46
		% within Theme Park	30.4%	69.6%	100.0%
		% within Acts of Nature/Natural Disasters, Excessive Maintenance Costs	100.0%	100.0%	100.0%
		% of Total	30.4%	69.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.411[a]	1	.522		
Continuity Correction[b]	.103	1	.749		
Likelihood Ratio	.412	1	.521		
Fisher's Exact Test				.749	.375
Linear-by-Linear Association	.402	1	.526		
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.094	.522
	Cramer's V	.094	.522
N of Valid Cases		46	

Market Concentration/New Competitor in Market Crosstabulation

			Theme Park Market Concentration/ New Competitor in Immediate Market		
			Yes	No	Total
Theme Park	Failed/Closed	Count	11	12	23
		% within Theme Park	47.8%	52.2%	100.0%
		% within Theme Park Market Concentration/ New Competitor	68.8%	40.0%	50.0%
		% of Total	23.9%	26.1%	50.0%
	Surviving	Count	5	18	23
		% within Theme Park	21.7%	78.3%	100.0%
		% within Theme Park Market Concentration/ New Competitor	31.3%	60.0%	50.0%
		% of Total	10.9%	39.1%	50.0%
Total		Count	16	30	46
		% within Theme Park	34.8%	65.2%	100.0%
		% within Theme Park Market Concentration/ New Competitor	100.0%	100.0%	100.0%
		% of Total	34.8%	65.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	3.450[a]	1	.063		
Continuity Correction[b]	2.396	1	.122		
Likelihood Ratio	3.514	1	.061		
Fisher's Exact Test				.120	.060
Linear-by-Linear Association	3.375	1	.066		
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.274	.063
	Cramer's V	.274	.063
N of Valid Cases		46	

Constrained Operating Season/Length Crosstabulation

			Constrained Operating Season/Length		
			Yes	No	Total
Theme Park	Failed/Closed	Count	3	20	23
		% within Theme Park	13.0%	87.0%	100.0%
		% within Constrained Operating Season/Length	100.0%	46.5%	50.0%
		% of Total	6.5%	43.5%	50.0%
	Surviving	Count	0	23	23
		% within Theme Park	0.0%	100.0%	100.0%
		% within Constrained Operating Season/Length	0.0%	53.5%	50.0%
		% of Total	0.0%	50.0%	50.0%
Total		Count	3	43	46
		% within Theme Park	6.5%	93.5%	100.0%
		% within Constrained Operating Season/Length	100.0%	100.0%	100.0%
		% of Total	6.5%	93.5%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	3.209[a]	1	.073		
Continuity Correction[b]	1.426	1	.232		
Likelihood Ratio	4.368	1	.037		
Fisher's Exact Test				.233	.117
Linear-by-Linear Association	3.140	1	.076		
N of Valid Cases	46				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.50.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.264	.073
	Cramer's V	.264	.073
N of Valid Cases		46	

Lack of Space for Expansion Crosstabulation

			Lack of Space for Expansion		
			Yes	No	Total
Theme Park	Failed/Closed	Count	7	16	23
		% within Theme Park	30.4%	69.6%	100.0%
		% within Lack of Space for Expansion	100.0%	41.0%	50.0%
		% of Total	15.2%	34.8%	50.0%
	Surviving	Count	0	23	23
		% within Theme Park	0.0%	100.0%	100.0%
		% within Lack of Space for Expansion	0.0%	59.0%	50.0%
		% of Total	0.0%	50.0%	50.0%
Total		Count	7	39	46
		% within Theme Park	15.2%	84.8%	100.0%
		% within Lack of Space for Expansion	100.0%	100.0%	100.0%
		% of Total	15.2%	84.8%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	8.256[a]	1	.004		
Continuity Correction[b]	6.066	1	.014		
Likelihood Ratio	10.967	1	.001		
Fisher's Exact Test				.009	.005
Linear-by-Linear Association	8.077	1	.004		
N of Valid Cases	46				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 3.50.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.424	.004
	Cramer's V	.424	.004
N of Valid Cases		46	

Pricing/Ticketing/Discounting/Price Reductions Crosstabulation

			Pricing/Ticketing/Discounting Strategies/Price Reductions		
			Yes	No	Total
Theme Park	Failed/Closed	Count	3	20	23
		% within Theme Park	13.0%	87.0%	100.0%
		% within Pricing/Ticketing/Discounting	75.0%	47.6%	50.0%
		% of Total	6.5%	43.5%	50.0%
	Surviving	Count	1	22	23
		% within Theme Park	4.3%	95.7%	100.0%
		% within Pricing/Ticketing/Discounting	25.0%	52.4%	50.0%
		% of Total	2.2%	47.8%	50.0%
Total		Count	4	42	46
		% within Theme Park	8.7%	91.3%	100.0%
		% within Pricing/Ticketing/Discounting	100.0%	100.0%	100.0%
		% of Total	8.7%	91.3%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.095[a]	1	.295		
Continuity Correction[b]	.274	1	.601		
Likelihood Ratio	1.142	1	.285		
Fisher's Exact Test				.608	.304
Linear-by-Linear Association	1.071	1	.301		
N of Valid Cases	46				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.154	.295
	Cramer's V	.154	.295
N of Valid Cases		46	

Overpriced Relative to Similar Attractions Crosstabulation

			Overpriced Relative to Similar Attractions		
			Yes	No	Total
Theme Park	Failed/Closed	Count	2	21	23
		% within Theme Park	8.7%	91.3%	100.0%
		% within Overpriced Relative to Similar Attractions	100.0%	47.7%	50.0%
		% of Total	4.3%	45.7%	50.0%
	Surviving	Count	0	23	23
		% within Theme Park	0.0%	100.0%	100.0%
		% within Overpriced Relative to Similar Attractions	0.0%	52.3%	50.0%
		% of Total	0.0%	50.0%	50.0%
Total		Count	2	44	46
		% within Theme Park	4.3%	95.7%	100.0%
		% within Overpriced Relative to Similar Attractions	100.0%	100.0%	100.0%
		% of Total	4.3%	95.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.091[a]	1	.148		
Continuity Correction[b]	.523	1	.470		
Likelihood Ratio	2.864	1	.091		
Fisher's Exact Test				.489	.244
Linear-by-Linear Association	2.045	1	.153		
N of Valid Cases	46				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.213	.148
	Cramer's V	.213	.148
N of Valid Cases		46	

Construction Cost Overruns/Delayed Openings/Not Complete

			Construction Cost Overruns/Delayed Openings/Not Complete at Opening		
			Yes	No	Total
Theme Park	Failed/Closed	Count	9	14	23
		% within Theme Park	39.1%	60.9%	100.0%
		% within Construction Cost Overruns/Delayed Openings	64.3%	43.8%	50.0%
		% of Total	19.6%	30.4%	50.0%
	Surviving	Count	5	18	23
		% within Theme Park	21.7%	78.3%	100.0%
		% within Construction Cost Overruns/Delayed Openings	35.7%	56.3%	50.0%
		% of Total	10.9%	39.1%	50.0%
Total		Count	14	32	46
		% within Theme Park	30.4%	69.6%	100.0%
		% within Construction Cost Overruns/Delayed Openings	100.0%	100.0%	100.0%
		% of Total	30.4%	69.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.643[a]	1	.200		
Continuity Correction[b]	.924	1	.336		
Likelihood Ratio	1.660	1	.198		
Fisher's Exact Test				.337	.168
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.189	.200
	Cramer's V	.189	.200
N of Valid Cases		46	

Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity

			Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity		
			Yes	No	Total
Theme Park	Failed/Closed	Count	9	14	23
		% within Theme Park	39.1%	60.9%	100.0%
		% within Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity	90.0%	38.9%	50.0%
		% of Total	19.6%	30.4%	50.0%
	Surviving	Count	1	22	23
		% within Theme Park	4.3%	95.7%	100.0%
		% within Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity	10.0%	61.1%	50.0%
		% of Total	2.2%	47.8%	50.0%
Total		Count	10	36	46
		% within Theme Park	21.7%	78.3%	100.0%
		% within Low Customer Satisfaction: Not Enough to Do/Inadequate Capacity	100.0%	100.0%	100.0%
		% of Total	21.7%	78.3%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	8.178[a]	1	.004		
Continuity Correction[b]	6.261	1	.012		
Likelihood Ratio	9.154	1	.002		
Fisher's Exact Test				.010	.005
Linear-by-Linear Association	8.000	1	.005		
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.422	.004
	Cramer's V	.422	.004
N of Valid Cases		46	

Sustained Attendance Declines/YOY Declines

			Sustained Attendance Declines/YOY Declines		
			Yes	No	Total
Theme Park	Failed/Closed	Count	12	11	23
		% within Theme Park	52.2%	47.8%	100.0%
		% within Sustained Attendance Declines/YOY Declines	38.7%	73.3%	50.0%
		% of Total	26.1%	23.9%	50.0%
	Surviving	Count	19	4	23
		% within Theme Park	82.6%	17.4%	100.0%
		% within Sustained Attendance Declines/YOY Declines	61.3%	26.7%	50.0%
		% of Total	41.3%	8.7%	50.0%
Total		Count	31	15	46
		% within Theme Park	67.4%	32.6%	100.0%
		% within Sustained Attendance Declines/YOY Declines	100.0%	100.0%	100.0%
		% of Total	67.4%	32.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.847[a]	1	.028		
Continuity Correction[b]	3.561	1	.059		
Likelihood Ratio	4.991	1	.025		
Fisher's Exact Test				.057	.029
Linear-by-Linear Association	4.742	1	.029		
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.50.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	-.325	.028
	Cramer's V	.325	.028
N of Valid Cases		46	

Lack of Maintenance/Reinvestment Crosstabulation

			Lack of Maintenance/Reinvestment		
			Yes	No	Total
Theme Park	Failed/Closed	Count	2	21	23
		% within Theme Park	8.7%	91.3%	100.0%
		% within Lack of Maintenance/Reinvestment	100.0%	47.7%	50.0%
		% of Total	4.3%	45.7%	50.0%
	Surviving	Count	0	23	23
		% within Theme Park	0.0%	100.0%	100.0%
		% within Lack of Maintenance/Reinvestment	0.0%	52.3%	50.0%
		% of Total	0.0%	50.0%	50.0%
Total		Count	2	44	46
		% within Theme Park	4.3%	95.7%	100.0%
		% within Lack of Maintenance/Reinvestment	100.0%	100.0%	100.0%
		% of Total	4.3%	95.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.091[a]	1	.148		
Continuity Correction[b]	.523	1	.470		
Likelihood Ratio	2.864	1	.091		
Fisher's Exact Test				.489	.244
Linear-by-Linear Association	2.045	1	.153		
N of Valid Cases	46				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.213	.148
	Cramer's V	.213	.148
N of Valid Cases		46	

Notable Ride Accidents/Violence in Park/Bad WOM Crosstabulation

			Notable Ride Accidents/Violence in Park/Bad WOM		
			Yes	No	Total
Theme Park	Failed/Closed	Count	3	20	23
		% within Theme Park	13.0%	87.0%	100.0%
		% within Notable Ride Accidents/Violence in Park/Bad WOM	23.1%	60.6%	50.0%
		% of Total	6.5%	43.5%	50.0%
	Surviving	Count	10	13	23
		% within Theme Park	43.5%	56.5%	100.0%
		% within Notable Ride Accidents/Violence in Park/Bad WOM	76.9%	39.4%	50.0%
		% of Total	21.7%	28.3%	50.0%
Total		Count	13	33	46
		% within Theme Park	28.3%	71.7%	100.0%
		% within Notable Ride Accidents/Violence in Park/Bad WOM	100.0%	100.0%	100.0%
		% of Total	28.3%	71.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	5.254[a]	1	.022		
Continuity Correction[b]	3.860	1	.049		
Likelihood Ratio	5.473	1	.019		
Fisher's Exact Test				.047	.024
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.50.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	-.338	.022
	Cramer's V	.338	.022
N of Valid Cases		46	

Excessive Number of Lawsuits Crosstabulation

			Excessive Number of Lawsuits		
			Yes	No	Total
Theme Park	Failed/Closed	Count	7	16	23
		% within Theme Park	30.4%	69.6%	100.0%
		% within Excessive Number of Lawsuits	77.8%	43.2%	50.0%
		% of Total	15.2%	34.8%	50.0%
	Surviving	Count	2	21	23
		% within Theme Park	8.7%	91.3%	100.0%
		% within Excessive Number of Lawsuits	22.2%	56.8%	50.0%
		% of Total	4.3%	45.7%	50.0%
Total		Count	9	37	46
		% within Theme Park	19.6%	80.4%	100.0%
		% within Excessive Number of Lawsuits	100.0%	100.0%	100.0%
		% of Total	19.6%	80.4%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	3.453[a]	1	.063		
Continuity Correction[b]	2.210	1	.137		
Likelihood Ratio	3.620	1	.057		
Fisher's Exact Test				.135	.067
Linear-by-Linear Association	3.378	1	.066		
N of Valid Cases	46				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 4.50.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.274	.063
	Cramer's V	.274	.063
N of Valid Cases		46	

Excessive Debt/Debt Refinancing/Cash Flow Issues/Unprofitable

			Excessive Debt/Debt Refinancing/Cash Flow Issues/Unprofitable		
			Yes	No	Total
Theme Park	Failed/Closed	Count	16	7	23
		% within Theme Park	69.6%	30.4%	100.0%
		% within Excessive Debt/Debt Refinancing/Cash Flow Issues	69.6%	30.4%	50.0%
		% of Total	34.8%	15.2%	50.0%
	Surviving	Count	7	16	23
		% within Theme Park	30.4%	69.6%	100.0%
		% within Excessive Debt/Debt Refinancing/Cash Flow Issues	30.4%	69.6%	50.0%
		% of Total	15.2%	34.8%	50.0%
Total		Count	23	23	46
		% within Theme Park	50.0%	50.0%	100.0%
		% within Excessive Debt/Debt Refinancing/Cash Flow Issues	100.0%	100.0%	100.0%
		% of Total	50.0%	50.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	7.043[a]	1	.008		
Continuity Correction[b]	5.565	1	.018		
Likelihood Ratio	7.235	1	.007		
Fisher's Exact Test				.017	.009
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.50.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.391	.008
	Cramer's V	.391	.008
N of Valid Cases		46	

Instances of Declared Bankruptcy/Temporary/Forever Closure

			Instances of Declared Bankruptcy/Temporary Closure or Forever Closure		
			Yes	No	Total
Theme Park	Failed/Closed	Count	20	3	23
		% within Theme Park	87.0%	13.0%	100.0%
		% within Instances of Declared Bankruptcy/Temporary/Forever Closure	71.4%	16.7%	50.0%
		% of Total	43.5%	6.5%	50.0%
	Surviving	Count	8	15	23
		% within Theme Park	34.8%	65.2%	100.0%
		% within Instances of Declared Bankruptcy/Temporary/Forever Closure	28.6%	83.3%	50.0%
		% of Total	17.4%	32.6%	50.0%
Total		Count	28	18	46
		% within Theme Park	60.9%	39.1%	100.0%
		% within Instances of Declared Bankruptcy/Temporary/Forever Closure	100.0%	100.0%	100.0%
		% of Total	60.9%	39.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	13.143[a]	1	.000		
Continuity Correction[b]	11.044	1	.001		
Likelihood Ratio	14.046	1	.000		
Fisher's Exact Test				.001	.000
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.535	.000
	Cramer's V	.535	.000
N of Valid Cases		46	

Instances of Mergers/Acquisitions/Change of Ownership

			Instances of Mergers/Acquisitions/Change of Ownership		
			Yes	No	Total
Theme Park	Failed/Closed	Count	16	7	23
		% within Theme Park	69.6%	30.4%	100.0%
		% within Instances of Mergers/Change of Ownership	45.7%	63.6%	50.0%
		% of Total	34.8%	15.2%	50.0%
	Surviving	Count	19	4	23
		% within Theme Park	82.6%	17.4%	100.0%
		% within Instances of Mergers/Change of Ownership	54.3%	36.4%	50.0%
		% of Total	41.3%	8.7%	50.0%
Total		Count	35	11	46
		% within Theme Park	76.1%	23.9%	100.0%
		% within Instances of Mergers/Change of Ownership	100.0%	100.0%	100.0%
		% of Total	76.1%	23.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.075[a]	1	.300		
Continuity Correction[b]	.478	1	.489		
Likelihood Ratio	1.086	1	.297		
Fisher's Exact Test				.491	.245
N of Valid Cases	46				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.50.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	-.153	.300
	Cramer's V	.153	.300
N of Valid Cases		46	

Management Corruption/Graft and Internal Vandalism / Sabotage

			Management Corruption/Graft Internal Vandalism / Sabotage		
			Yes	No	Total
Theme Park	Failed/Closed	Count	4	19	23
		% within Theme Park	17.4%	82.6%	100.0%
		% within Management Corruption/Graft and Internal Vandalism/Damage/Sabotage	100.0%	45.2%	50.0%
		% of Total	8.7%	41.3%	50.0%
	Surviving	Count	0	23	23
		% within Theme Park	0.0%	100.0%	100.0%
		% within Management Corruption/Graft and Internal Vandalism/Damage/Sabotage	0.0%	54.8%	50.0%
		% of Total	0.0%	50.0%	50.0%
Total		Count	4	42	46
		% within Theme Park	8.7%	91.3%	100.0%
		% within Management Corruption/Graft and Internal Vandalism/Damage/Sabotage	100.0%	100.0%	100.0%
		% of Total	8.7%	91.3%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.381[a]	1	.036		
Continuity Correction[b]	2.464	1	.116		
Likelihood Ratio	5.927	1	.015		
Fisher's Exact Test				.109	.054
N of Valid Cases	46				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.309	.036
	Cramer's V	.309	.036
N of Valid Cases		46	

Higher Best Use for the Property Crosstabulation

			Higher Best Use for the Property		
			Yes	No	Total
Theme Park	Failed/Closed	Count	8	15	23
		% within Theme Park	34.8%	65.2%	100.0%
		% within Higher Best Use for the Property	100.0%	39.5%	50.0%
		% of Total	17.4%	32.6%	50.0%
	Surviving	Count	0	23	23
		% within Theme Park	0.0%	100.0%	100.0%
		% within Higher Best Use for the Property	0.0%	60.5%	50.0%
		% of Total	0.0%	50.0%	50.0%
Total		Count	8	38	46
		% within Theme Park	17.4%	82.6%	100.0%
		% within Higher Best Use for the Property	100.0%	100.0%	100.0%
		% of Total	17.4%	82.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	9.684[a]	1	.002		
Continuity Correction[b]	7.414	1	.006		
Likelihood Ratio	12.787	1	.000		
Fisher's Exact Test				.004	.002
Linear-by-Linear Association	9.474	1	.002		
N of Valid Cases	46				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 4.00.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.459	.002
	Cramer's V	.459	.002
N of Valid Cases		46	

APPENDIX C: *AMUSEMENT BUSINESS* ISSUES REVIEWED PERCENT BY YEAR

Data Collection Effort

Amusement Business Issues Reviewed for Event Variables

Issues Reviewed per Year (%)

1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
48	51	52	51	52	53	20	11	3	12
94%	100%	96%	98%	100%	100%	38%	21%	6%	23%
1971	**1972**	**1973**	**1974**	**1975**	**1976**	**1977**	**1978**	**1979**	**1980**
51	1	52	3	52	20	51	0	52	2
100%	2%	100%	6%	100%	38%	96%	0%	100%	4%
1981	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**
48	0	5	0	0	21	0	0	27	48
92%	0%	10%	0%	0%	40%	0%	0%	52%	94%
1991	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**
27	10	10	21	12	13	11	39	12	12
53%	20%	20%	42%	24%	25%	21%	76%	24%	24%
2001	**2002**	**2003**	**2004**	**2005**	**2006**				
12	12	12	6	6	3				
24%	24%	24%	26%	50%	60%				

Total Issues Read 952

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