



# What Can Attractions Do to **Reverse The Weak Per-Capita Spending Trend?**



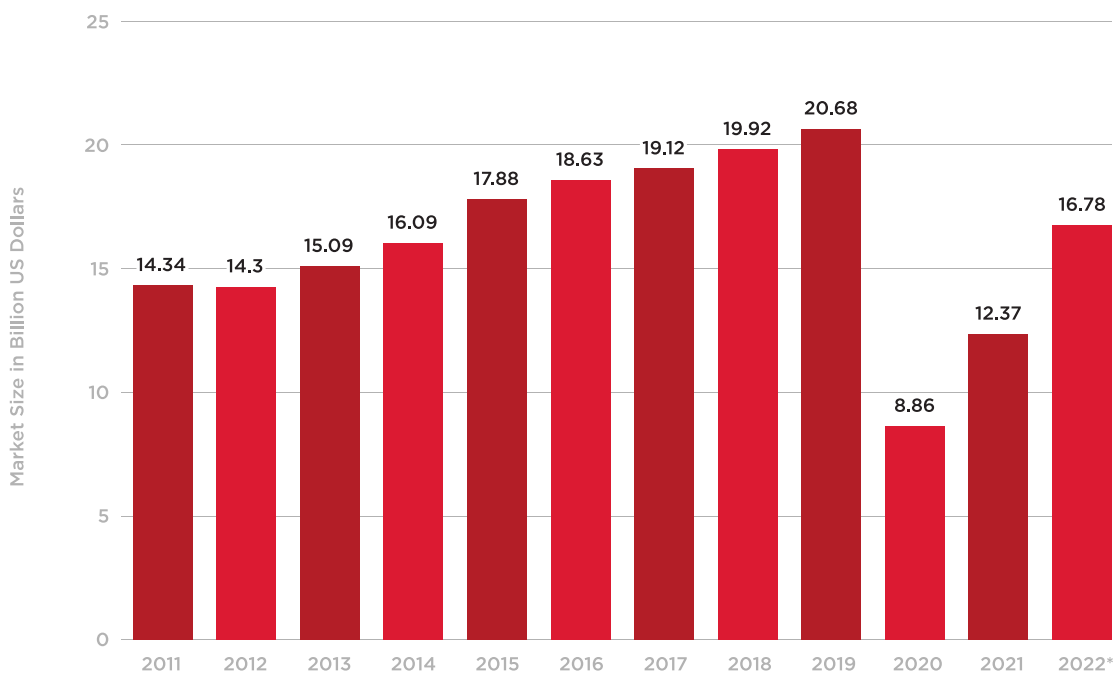


The U.S. amusement and theme park sector took a massive hit in 2020 due to the broad impact of the COVID-19 epidemic. Enjoying a healthy market size of \$20.68 billion in 2019, the sector saw itself contract to just \$8.65 billion in 2020—the height of the pandemic—before rising to an estimated \$16.78 billion in 2022.<sup>1</sup>

While the recovery has been impressive, it doesn't tell the entire story of the state of the entertainment and recreation attractions industry. When the details are examined, it's clear that attractions were struggling through experiencing a period of deceleration just before receiving an unimaginable economic blow.

## Market size of the amusement park sector in the US

(in billion US dollars)



The sobering fact is that revenue growth was already slowing across every segment of the industry. Although the economy has improved dramatically over the past few years, with a sluggish and uncertain stock market and historically low unemployment, our return to normalcy isn't complete.

Given the lukewarm forecast across every sector of entertainment and recreation attractions, one thing is certain. Attractions must find innovative ways to motivate more people to come through the gates and get them to spend more while they are there.



## THE PANDEMIC PACKED A POWERFUL PUNCH BUT AMERICANS ARE BOUNCING BACK

The COVID-19 pandemic had a profound financial impact on the attractions sector, resulting in substantial revenue losses and additional financial strain on operators.

As the pandemic spread, attractions around the world faced temporary closures or significant capacity restrictions to curb the transmission of the virus. These measures led to a sharp decline in visitor numbers and, consequently, a substantial drop in revenue. Many operators were forced to furlough or lay off staff, and some smaller attractions struggled to stay afloat during the extended periods of closure.

According to the International Association of Amusement Parks and Attractions (IAAPA), the global attractions industry lost approximately \$23 billion in 2020 alone. That's a significant reduction compared to the \$51 billion in revenue generated in 2019. This loss affected not only the attractions themselves but also the surrounding businesses that rely on tourism, such as hotels, restaurants, and retailers.



To reopen safely and in compliance with local regulations, attractions were required to invest in various health and safety measures. These measures included personal protective equipment (PPE) for staff, enhanced cleaning and sanitization protocols, temperature checks, and physical barriers to ensure social distancing. Additionally, many operators implemented reservation systems to manage capacity and invested in contactless technologies to minimize the risk of virus transmission.

While these investments were crucial for the safe operation of attractions during the pandemic, they further strained the financial resources of operators already facing significant revenue losses. Implementing and maintaining these safety measures required not only upfront costs but also ongoing expenses that increased operational costs in a time of financial uncertainty.

Despite the reality of inflation and fears of a recession impacting spending, there is plenty of room for optimism. Americans are still split on whether the pandemic is over. However, as far as analysts are concerned, the attractions sector is poised to bounce back from the pandemic lows. According to a survey of attraction goers, they are still willing to spend and will continue to find attractions to visit. Consequently, analysts expect a 15 percent increase in 2023.<sup>2</sup>



## REVENUE GROWTH FOR ENTERTAINMENT AND RECREATION ATTRACTIONS HAS BEEN HISTORICALLY WEAK

Prior to the pandemic, revenue was plateauing at entertainment and recreation attractions. Attendance was waning. And per-capita spending was flat. While market size growth between 2013 and 2019 was positive, the industry rebounded from 8.65 billion to 16.78 billion in growth between 2020 and 2022. However, this is a statistical anomaly.<sup>3</sup>

The problem is that growth will be fueled mainly over the next several years by visitors returning from their COVID hiatus. Consequently, real revenue growth will be sluggish. Analysts predict only 7 percent growth when comparing 2019 and 2023.<sup>4</sup>

There are a few possible reasons for this sluggish growth. Of course, attractions are competing with an ever-growing myriad of non-destination entertainment options. Would-be visitors can attend local events in their town, enjoy the afternoon at a park, root for their local sports team at the stadium, or watch a blockbuster movie at the theater.

Likewise, an increasing number of would-be visitors are staying at home. That's because they have used their big-screen TVs, connected devices, and internet streaming services to turn their homes into comfortable places where they can entertain themselves. Unsurprisingly, revenue growth in the home entertainment market is projected to be merely 4.3 percent in 2023.<sup>5</sup>



## THE MILLENNIAL EFFECT

**Millennials are making – and will continue to make – a substantial impact in every sector of every industry. America’s largest generation by population, they now command a collective spending power of more than \$1.4 trillion.**<sup>6</sup>

For this reason, it’s vitally important to understand how millennials prefer to spend their money. Real value for millennials is derived from experiencing, not possessing. A recent study found that 78 percent of millennials would choose to spend money on a desirable experience over buying something desirable.<sup>7</sup>

When it comes to visiting entertainment and recreation attractions, millennials continue to make up the core market of season pass holders. However, the overall industry trend suggests that they may be growing bored with the same experience.<sup>8</sup>

Because of their spending power and their interest in experiences over things, every effort should be made to attract this demographic group. In a very short period, they will undoubtedly become the bread and butter of every attraction as they settle down and desire to share experiences with their growing families. It’s clear that attractions can’t become stale. They must innovate to remain a destination that millennials will continue to visit and spend their money.

### HERE ARE FOUR IMPORTANT TAKEAWAYS WHEN MARKETING TO MILLENNIALS:

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**Experience is king** – Above all else, millennials want to have memorable experiences. Attractions should continually roll out new activities that provide unique experiences.

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**Nostalgia sells** – Think of ways to remind millennials of their childhood. Although they are growing up, they are still kids at heart.

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**Food matters** – Food is important to millennials. Attractions should offer unique food, beverage, and treat options for them to explore.

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**Cost counts** – Millennials think carefully about how much they will spend on an item. So, offer deals that are hard to refuse.

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## WHY PEOPLE VISIT ENTERTAINMENT AND RECREATION ATTRACTIONS

Knowing what motivates people to visit entertainment and recreation attractions is essential to determining what steps should be taken to increase attendance and per-capita spending. Here are the top 10 important attraction attributes:<sup>9</sup>

- **Is a good value for the money**
- **Is a clean place to visit**
- **Friendly staff members**
- **Provides a safe and wholesome environment**
- **A diverse experience with a lot of different things to see and do**
- **Is a fun place for my family to visit**
- **Has positive guest reviews**
- **A unique experience that is out of the ordinary**
- **Discounted admission**
- **Offers something that is both fun and educational**

The takeaway here is that people want to have fun, unique, and engaging experiences when they visit entertainment and recreation attractions. The ability to satisfy these desires is directly correlated to return visits and per-capita spending.

## IMPACTFUL WAYS TO INCREASE PER-CAPITA SPENDING

To outpace flat growth projections, attractions must find ways to maximize per-capita spending. This is easier said than done because attractions are constantly competing with other entertainment options for limited discretionary dollars.

In an effort to grow out of a plateauing market trend, attractions have been directing more effort to generate revenue through selling season passes. The positive side of season passes is that they create repeat visitors. However, in addition to reducing revenue at the gate, season passes alone do nothing to increase per-capita spending. In fact, repeat visitors tend to spend less per visit since, unless otherwise motivated, there is no longer a need to bring home a souvenir memory of their visit.

These realities leave attractions with tough revenue-enhancing decisions. Here are a few key ways to increase per-capita spending.





Attractions must get better at getting people to visit their venue. Whether they are new visitors or season pass holders, attractions need them in the venue so that they can target those visitors with activities and merchandise that will increase per-capita spending.

All the research shows that interactive experiences bring visitors in. This is particularly true for millennials. So, attractions must find more ways to involve visitors with their surroundings. This may mean generating inviting sights, sounds, smells, and tastes. It may also mean providing more hands-on activities.



A critical element of the strategy to grow per-capita spending is to assemble a strong food and merchandise assortment. This means offering visitors the widest range of items that are practical for the venue. Knowing the visitor is a good start. However, by expanding upon the visitor's known desires for food and souvenirs, venues can create a unique retail mix. In other words: give them what they want, then give them some more.





Each attraction has its own culture and reason for being. To share that brand identity, they should promote signature offerings. These items act as a calling card. They are the products that people will associate strongly with the attraction. An excellent example of this is a photo of visitors enjoying themselves on a ride or other themed activity.



Most attractions are family oriented. Consequently, it makes sense that items attractions sell should be meant for the entire family to enjoy. When it's lunchtime, everyone eats, and everyone drinks. Likewise, when a family walks into a souvenir shop, they should see items that satisfy the need to be reminded of a special moment in their lives. Instead of the family walking out of the shop with a single memento, each member of the family should have something in their hand.





Most souvenirs gather dust on a shelf or find their way to the back of a closet. Edible souvenirs are transportable treats that serve as a mouthwatering reminder of a visit to an attraction. Edible souvenirs keep visitors' sight, smell, and taste senses engaged with the brand long after they leave the venue. Because edible souvenirs that are made at the attraction have a long shelf life, they may be eaten while still at the attraction by the visitor or they may be brought home to be given as a gift to family and friends. This extends the value of the souvenir as a brand ambassador.

There are many ways to leverage the edible souvenir. One way is to create an experience around making the souvenir. Seeing the souvenir made, participating in its creation, and tasting samples build a sensual and emotional connection that drives purchases.

Another way to get the most out of edible souvenirs is to create demand. For instance, an attraction can add a unique spin to an item by creating a signature flavor. Special flavors can also be offered for holidays, such as a pumpkin-flavored treat for Halloween. The attraction might also decorate the edible souvenir as a tie-in to special themes, rides, or exhibits.

And, the power of edible souvenirs to increase per-capita spending extends to season pass holders. When they find one that they enjoy, they are likely to purchase it every time they visit the attraction.



## WE ARE YOUR EXPERIENTIAL RETAIL PARTNER

Calico Cottage offers a way for entertainment and recreation attractions to satisfy visitors' unmet needs for a unique, pleasurable, and memorable experience. We give your visitors something new to enjoy. And, unlike with a traditional souvenir, once your visitors have a taste of fudge with your brand name on it, they're likely to purchase more on their next visit.

With Calico Cottage as your partner, you can take a huge evolutionary step by leveraging our delicious, high-quality fudge to create an experience that delights the senses of your visitors. Fudge can be one of your signature offerings that helps you assemble a strong food and merchandise assortment while being an edible souvenir for family and friends to enjoy. And, with profit margins as high as 75%, our fudge supports your efforts to increase per-capita spending.

We pride ourselves on providing solutions that help entertainment and recreation retailers profit by making and selling fresh fudge on-site. Additionally, you can create excitement at your attraction during seasonal occasions and holidays thanks to our incredibly delicious seasonal and holiday-themed fudge recipes that you showcase for a limited time.

Since 1964, we've been perfecting the high-margin, small-space fudge program. With sales and distribution centers in the U.S. and Canada, our Fudge Retail Program helps entertainment and recreation retailers create an unmatched retail experience through retailer-branded fudge. Our longevity is due to our focus on the success of retailers, the memorable quality of our fudge, and the stellar customer support that we provide.



## SOURCES

1. Statista. [Market size of the amusement park sector in the United States from 2011 to 2022](#). 2022
2. PGAV Destinations. [Voice of the Vistor](#). 2023.
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4. PGAV Destinations. [Voice of the Vistor](#). 2023.
5. Statista. [Home Entertainment - United States](#). 2023.
6. Lexington Law. [45 Statistics on Millennial Spending Habits in 2020](#). 2020.
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8. PGAV Destinations. [2019 Voice of the Visitor: Annual Outlook on the Attractions Industry](#). Pages 31. 2019.
9. PGAV Destinations. [2019 Voice of the Visitor: Annual Outlook on the Attractions Industry](#). Pages 28-29. 2019.

## IMAGE ATTRIBUTIONS

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## ABOUT US

Since 1964, there's been only one, true, definitive leader in the made-in-store fresh fudge experience. Calico Cottage.

We invented the business model and perfected the premium fudge formulation that, to this day, is the industry's gold standard. We've developed the most comprehensive, turnkey program to help retailers worldwide generate superior sales volume and significant profits by making and selling fresh fudge in-store.

Calico Cottage provides retailers with a proven pathway to success and is unwavering in its commitment to conducting business with honesty, integrity, and dedication to its customers.

**Learn more at [CalicoCottage.com](http://CalicoCottage.com).**

