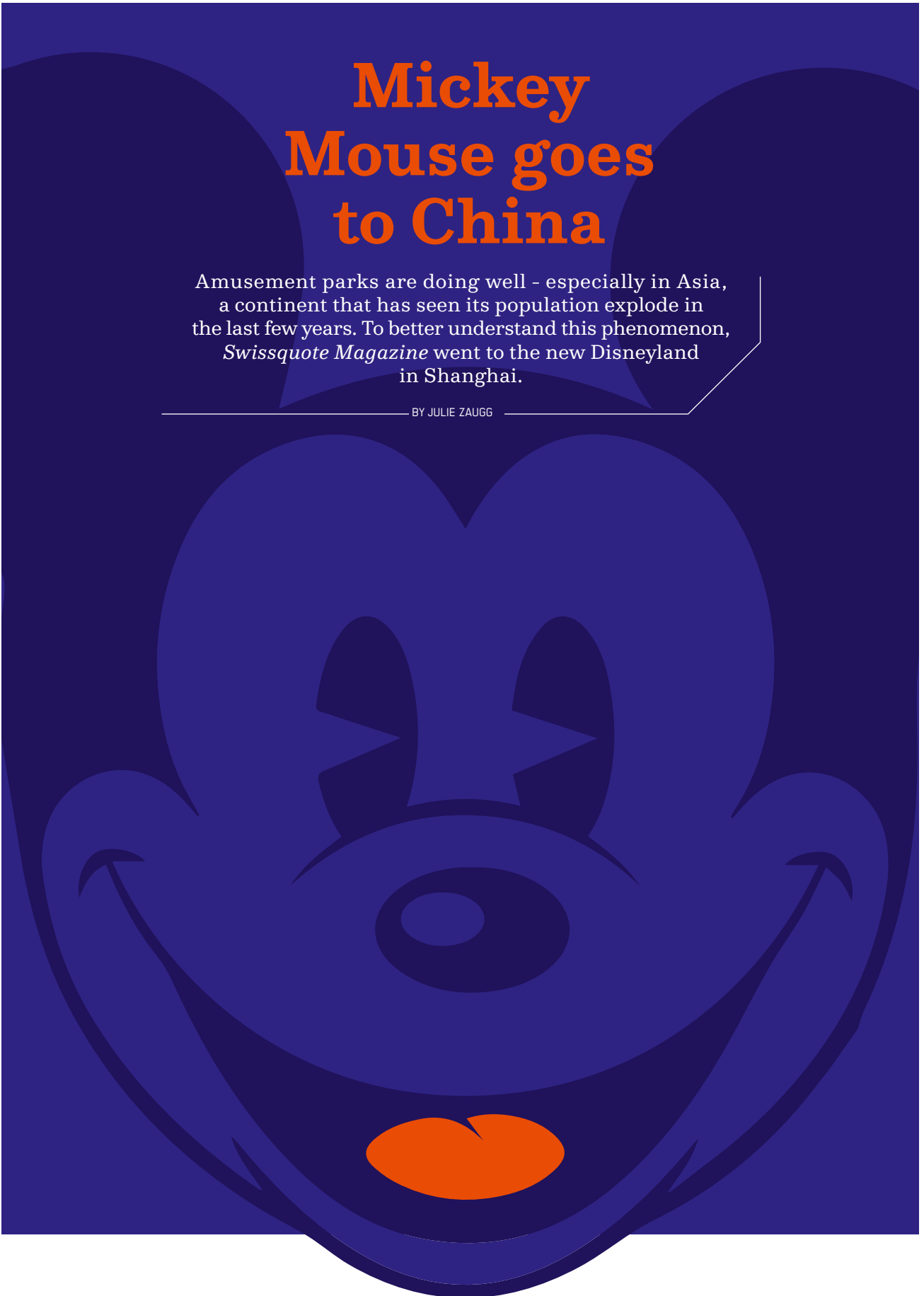


# Mickey Mouse goes to China

Amusement parks are doing well - especially in Asia, a continent that has seen its population explode in the last few years. To better understand this phenomenon, *Swissquote Magazine* went to the new Disneyland in Shanghai.

BY JULIE ZAUGG



A thrilling experience for the riders of Tron roller coaster, one of the main attractions at the new Shanghai Disneyland Park.

**P**erched on her golden throne, the princess patiently waits for her makeup to be finished. Her hair has been swept up into an elaborate bun and covered with a crown adorned with sparkling gems. She's wearing a long blue dress with frills, just like Cinderella's. Her father is filming the whole scene on his mobile phone. This makeover workshop is located in the depths of a gigantic pink castle at the centre of the new Shanghai Disneyland Park, opened on 16 June of this year.

At a height of 60 m, this building is the tallest ever built by the California-based group. Among other attractions, it also houses a royal banquet hall, fitted out with chandeliers and red velvet armchairs, where visitors can feast on meals inspired by the 11 Disney princesses. At night, accompanied by fireworks, characters from the animated films *Aladdin*, *Mulan* and *Frozen* parade across the outside wall of the castle, which is transformed into a giant screen.

Shanghai Disneyland verges on outrageousness. To build the park, thousands of local residents had to be rehoused, 150 factories closed and a new metro line was built. The park covers an area of 4 km<sup>2</sup> and cost \$5.5 billion. Some 15 million visitors are expected annually. "Most visitors will come from the Yangtze River Delta, a population pool of



XU HEDE / AFP

330 million people, a maximum three-hour drive from Shanghai by car," says Stan Meyers, an analyst with Piper Jaffray.

This site is indicative of a new boom that is happening across the entire theme park industry: "The scale has tipped towards Asia, and on that continent, China is showing the strongest growth," says Chris Yoshii, Asia manager of the Themed Entertainment Association. The phenomenon is due to the emergence of

a large middle class that now has the means to pay for holidays, or at least for a day with Mickey and friends.

Last year, 21 new parks were built, and 20 others are currently under construction. A Universal Studios park will open in Beijing in 2020. And Six Flags, an American chain, will inaugurate its first site south of Shanghai in 2019. "Several local operators such as Songcheng, Chimelong, OCT and Dalian Wanda have emerged in the last few years," >

says Chris Yoshii. “They are developing smaller parks near tourist sites and shopping centres.”

The rest of Asia is by no means lagging behind. Japan is home to two Disney parks and a Universal Studios park. South Korea has the Everland and Lotte World parks, which attract over 7 million visitors a year. Hong Kong has its own Disneyland as well as the unusual Ocean Park, a spectacular park clinging to the side of a mountain.

For the operators of western parks seeking to establish themselves in Asia, cultural adaptation is imperative. Shanghai Disneyland, for example, was specially designed for an Asian public that loves to pose for photos. A few steps from the castle, a small crowd has amassed in front of a wall decorated with 12 mosaics representing the signs of the Chinese zodiac. The year of the Rabbit is symbolised by Thumper, a character from *Bambi*, and the year of the Tiger by Tigger, a cohort of Winnie the Pooh. The delighted visitors take a plethora of group photos, selfies and family portraits.

“The park also puts on a lot of shows,” says Meyers. “These are particularly appreciated by the Chinese, who love to travel with their extended family and therefore have to find activities that both children and grandparents will like.” The musical *The Lion King* was translated into Mandarin especially for the park. Also on

the programme is a *Tarzan* stage show, directed by the Chinese choreographer Li Xining and performed by an acrobatic troupe from the city of Wuhan.

### This is the first time Disney has made such an effort to understand its audience

Unsurprisingly, the food has also been adapted. At Shanghai Disneyland, you can find Peking duck pizzas, green tea bread rolls and mooncakes in the shape of Mickey Mouse. One of the restaurants, the Wandering Moon Teahouse, looks like a traditional Chinese teahouse. And the park’s shops sell a plush Minnie Mouse dressed as a Shanghai woman from the 1920s.

This is the first time Disney has made such an effort to understand its audience. “It was important not to repeat the mistakes made at Euro Disney, a park where nothing had been designed for the French public and which was never as successful as they had hoped,” says Martin Lewison, an amusement park expert at Farmingdale State College in New York. For example, the restaurants there refused to serve wine, which is sacrilege in France.

However, Europe remains a difficult market for theme parks. Few new projects are being planned except for a Paramount park under construction just outside London. And the market is dominated by national players which generally only own one park, such as Europa-Park in Germany, Tivoli Gardens in Denmark or Efteling in the Netherlands.

A large share of the industry is still concentrated in the United States, home to 622 parks which generated \$16 billion in revenue last year. Disney and Universal, who alone operate 11 parks in Florida and California, have the lion’s share of market, at 52.4% and 22.1% respectively.

“In the United States, the market has two segments: the parks that serve as tourist destinations, attracting holidaymakers willing to stay there for several days, and the regional parks that attract a clientele of day-trippers that come for the day from the vicinity,” explains Tyler Batory, an analyst at Janney. The main representatives of this second category are the Six Flags and Cedar Fair parks, which are located in medium-sized towns far from the coasts.

Sixty to eighty percent of the parks’ revenue is generated by admission tickets, the rest coming from restaurants and merchandising. This last pillar is sometimes extremely lucrative: “A shop at Epcot Center

#### NUMBERS

**+26.3%**

The increase in attendance recorded by the world’s 25 largest theme parks from 2006 to 2015. Last year, they attracted 420 million visitors.

**789**

The number of amusement parks in China. Their revenue increased by an average of 10.2% a year from 2011 to 2016.

**+7%**

The increase in revenue for Disney in 2015, to a total of \$52.5 billion. This result was driven primarily by park admissions, which brought in \$16.2 billion.

**138**

In millions, the number of people who visited a Disney park in 2015, including 40 million to Disney World in Florida.





in Florida alone generates half a million dollars every year by selling plush toys of Figment, a purple dragon,” notes Lewison.

The key to increasing this revenue is developing a universe inhabited by well-known characters. “Disney is unbeatable in this regard - it has not only its own characters, but also the Pixar, Marvel and Star Wars characters,” says Meyers. Only Universal, which recently acquired DreamWorks, can compete in the same category. “When the new Harry Potter attraction opened in 2010 in Florida, it pushed park attendance up by 15% to 20%, and revenues by 40% to 50%,” says Yoshii.

Last year, Disney’s revenue increased to \$52.5 billion, up by 7%, a result driven primarily by park admissions, which brought in \$16.2 billion. This makes parks the most profitable division of the company after television. Disney parks also serve as a promotional platform for its films, books, clothes and toys. At Comcast, the media giant that owns Universal Studios, parks have generated more profits than the television network NBC or the film studio Universal Pictures during the last five years.

#### TECHNOLOGICAL GEMS

Back at Shanghai Disneyland, the small boats which visitors to the Pirates of the Caribbean attraction have boarded plunge into the dark, floating along an indoor river. Suddenly, on their right, a fluorescent skeleton appears which transforms before their eyes into Jack Sparrow, one of the characters from the film, and begins to speak to them. The boats then start to rock backwards and forwards while a huge screen emerges with images of wrecked pirate ships, giant squid and mermaids. The illusion is perfect, giving visitors the feeling of diving underwater. This attraction is a technological gem: the boats are driven by a magnetic propulsion system and the screens feature the latest innovations in immersive cinema. ▶



Costuming and hairdressing workshop in the Shanghai Disneyland Park castle.

Roller coasters too run-of-the-mill? The Superman attraction at Six Flags New England in Agawam, Massachusetts, ups the excitement by equipping its passengers with virtual reality helmets.



SIX FLAGS / SAMSUNG ELECTRONICS AMERICA

Amusement parks are constantly reinventing themselves. During the last five years, Disney has spent \$14 billion on the renovation of its five sites. In Paris, an attraction based on the animated film *Ratatouille* was introduced. In Florida, an entire area dedicated to *Star Wars*, another to *Avatar* and a *Frozen*-themed ride are all in the pipeline. In California, attractions inspired by *Toy Story* and *Cars* were built.

The other parks are making similar investments. "Several roller coasters have been fitted with ultra-fast rails developed by the company Rocky Mountain Construction," says Lewison. "This completely changed the experience." The roller coaster at the Ferrari park in the United Arab Emirates can reach 240 km/h thanks to this technology. For their part, Six Flags and Cedar Fair have introduced attractions inspired by

video games such as *Justice League* and *Iron Reef* which force the participants to take a more active role, for example by shooting crooks with laser pistols.

"This spring, Six Flags launched a roller coaster that you ride while wearing a Samsung virtual reality headset," adds Tyler Batory from Janney. "Visitors see images which are synchronised with the movements of the ride."

Despite their robust health, amusement parks have their share of challenges. At Shanghai Disneyland, two weeks after the opening, the wait in the queue for Soaring Over the Horizon, an attraction that allows visitors to fly over spectacular sites from all over the world while sitting in a sort of chairlift, had reached three hours. "Park visitors often spend 50% of their time in queues, or four to five hours in an eight- or nine-hour day," says Peter Rodbro, the CEO of Entertainment Booking Concepts, which provides

### THE 10 LARGEST AMUSEMENT PARKS (IN NUMBER OF VISITORS IN 2015)

**1. Disney World,**  
Florida

**2. Tokyo Disneyland,**  
Tokyo

**3. Disneyland,**  
California

**4. Universal Studios,**  
Florida

**5. Universal Studios,**  
Osaka

**6. Disneyland Paris,**  
Paris

**7. Chimelong Ocean Kingdom,**  
Hengqin, China

**8. Everland,**  
Gyeonggi-Do,  
South Korea

**9. Ocean Park,**  
Hong Kong

**10. Lotte World,**  
Seoul



theme parks with technological solutions. “During that time, they get frustrated, and they certainly don’t consume anything.”

His firm has invented an app, currently being tested at Ocean Park in Hong Kong, that lets visitors plan their visit in advance on their smartphones. “They choose the attractions they want to go on, then they enter the time and number of people in their group,” he explains. “The app then gives them an itinerary. This prevents them having to wait and allows the parks to better anticipate the busy periods.” Disney has introduced a similar system, called Fastpass+, accompanied by a smart bracelet. Six Flags, for its part, offers a Flash Pass that gives visitors priority access to attractions at a cost of \$40.

**Park visitors often spend 50% of their time in queues**

In addition, parks are not immune to accidents. Alton Towers learned this from bitter experience in 2015 when a pile-up on a roller coaster injured 16 people, including two who had to have leg amputations. Attendance at the English park immediately dropped. In another vein, the film *Blackfish*, which documents the treatment of orcas in captivity at SeaWorld, was quite damaging to the park. “Its financial results have been plummeting since the documentary came out in 2013,” says Ian Corydon, an analyst with B. Riley.

And when an operator decides to take an interest in a market like China, it must deal with the caprices of the government. In order to establish its park in Shanghai, Disney had to formally apologise to Beijing for its film *Kundun* (about the Dalai Lama), give up its local streaming channel Disneylife and grant the government the right of scrutiny.

The government insisted that Disney give up some of its flagship attrac-

tions such as the Jungle Cruise, It’s a Small World and the emblematic Space Mountain. It wanted a unique park for the Chinese people - one without features deemed too American. Main Street, which duplicates an American shopping street from the early 20<sup>th</sup> century, was replaced by Mickey Street. Frontierland, a section of the park that imitates the Old West, became Adventure Isle, a lost tropical world.

Astride a futuristic motorcycle, their heads bent forward, visitors to Shanghai Disneyland who have chosen to face Tron, a ride inspired by the films of the same name, zoom at 100 km/h along a rail that goes up, down and sideways under a dome. Flashes of electric blue are all that pierce the darkness, to the sound of mildly unsettling electronic music. A concept that could be mistaken for Space Mountain... ▲ ▽ DIS



IAN TROWER / ROBERT HARDING PREMIUM / AFP

Cable car ride in Ocean Park, Hong Kong.