**Six Flags’ Mission Statement**

        At Six Flags, our mission is to surround the best rides in the world with entertainment from the fields of music, theater, sports, film and television (Six Flags 2015).

**Six Flags’ History**

**Timeline**

1959:   Angus Wynne forms the Great Southwest Corporation with some New York investors and selects Randall Duell as designer and architect.

1961:   Six Flags Over Texas opens at a cost of $3 million, a fraction of all other theme parks including Disneyland, which opened in 1955 at $17.5 million.

1967:   Six Flags Over Georgia opens, thus making Six Flags the inventors of the chain park concept.

1969:   Six Flags Theme Parks is formed as the parent company for Six Flags Over Texas and Six Flags Over Georgia.

1971:   Six Flags Over Mid-America opens in St. Louis, the final original Six Flags park.

1975:   Six Flags purchases Astroworld in Houston, this is the beginning of acquisitions of existing parks they hope to turn around and make profitable.

1977:   Six Flags purchases Great Adventure and Wild Animal Safari midway between New York City and Philadelphia.

1979:   Purchases Magic Mountain in Southern California.

1984:   Six Flags buys Great America park in Chicago. Six Flags buys Atlantis, a water park in Florida. Atlantis is sold in 1989.

1991:   Six Flags is in financial ruin. Time Warner buys half of the company and the other half is bought by Blackstone Group and Wertheim Schroder. This allows Six Flags access to Hollywood themes for their park including Looney Toons and Batman.

1995:   Time Warner sells Six Flags to Boston Ventures. Six Flags purchases Wet ‘n Wild in Arlington, Texas.

1996:   Six Flags purchases Fiesta Texas in San Antonio, making it the eighth park.

1998:   Premier Parks purchases Six Flags and rebrands their own parks as Six Flags.

2000:   Premier Parks changes its name to Six Flags, Inc. based on the fact that the Six Flags brand is stronger than Premier Parks.

2001:   Six Flags buys SeaWorld Ohio and renames it Six Flags Worlds of Adventure, which is sold to Cedar Fair in 2004.

2005:   Dan Snyder, owner of the NFL team the Washington Redskins, gains control of Six Flags. He brings in Mark Shapiro from Disney-owned ESPN as second in command. Six Flags New Orleans is damaged by Hurricane Katrina and Six Flags Astroworld is sold.

(Six Flags Timeline)

2009:   Six Flags files for bankruptcy (Six Flags Enters Final Phase of Financial Restructuring).

2010:   Six Flags emerges from bankruptcy (Tom Hals).

**Industry and Primary Competitors**

        Amusement and theme park companies operate mechanical rides, water rides, games, shows, themed exhibits, refreshment stands, and other attractions (Amusement Parks). The industry made $15.6 billion last year with a $1.6 billion profit (Amusement Parks). The primary competitors are The Walt Disney Company, Universal Parks & Resorts, SeaWorld Parks & Entertainment, and Cedar Fair (Amusement Parks).

**Financial Condition of the firm**

        Six Flags has grown each year for the last several years, except during the recession in 2008-2009. The last couple of years has seen 4% to 6% growth in revenues (2014). The industry has seen growth of 2.9% over the last 10 to 15 years (Amusement Parks). Disney has experienced growth of 6% (Theme Parks); Universal Studios has grown 17% over the last year; and SeaWorld has declined 8% (Pedicini). Six Flags may see growth through raising prices and through international growth over the next several years (Six Flags reports). Licensing of the Six Flags name will be the next big thing, with a park opening in Dubai using the Six Flags name yet operated and managed by the licensing company (Six Flags reports). This same scenario also exists with an opportunity in China (Six Flags reports).

**General Environment**

**Demographic Trends**

The amusement park industry has traditionally relied on teenagers and younger adults for business. However, there are some exceptions, a prominent one being the successful Disney Theme Parks that are developed primarily for families with children rather than the young thrill seekers. In the United States, immigrant populations continue to grow and will play an important role in the industry. New Census Bureau has estimated that among the fastest growing populations in the U.S, the Hispanic population has grown at a rate of 2.1%, and the Asian population at a rate of 2.9%. Evidence of this trend is found in a study conducted by Scarborough in 2013, which stated that amusement park goers are 70% more likely to be Hispanic, and 64% more likely to be Asian compared to the average US adult. As for age, the same study suggests that amusement park goers are 36% more likely to be Generation-X and 32% to be Millennials (Scarborough). In catering to these younger generations, one must also consider that technology has become an integral part of their lives.

**Technological Trends**

Entertainment is a growing industry, especially entertainment related to technology. Many young Americans spend their free time on the couch playing high-resolution video games, surfing the web, browsing social media, and viewing “smart” TVs. Consumers are beginning to seek increasingly immersive and interactive experiences. Consumers are looking to use technology to record, photograph, blog, and share all of their experiences through social media applications. It is estimated that amusement park goers are 41% more likely to utilize social network on a mobile phone than the average American (Scarborough). In the theme park industry companies are adjusting by using and improving 3D technology and special effects. Mobile applications are being incorporated in theme park experiences, user interaction with rides is on the rise, and many rides can now be engineered to reach higher heights and provide bigger thrills. In the future technology will be further integrated into our lives, theme parks are no exception.

**Economic Climate**

Since the U.S economic recession in 2008, industries have been struggling to bounce back. The theme park industry has been no exception in the nation-wide struggle to re-stabilize. Theme parks, and similar entertainment industries, suffer during times of economic recession due to the fact that people do not feel they have enough money to spend on leisure activities and entertainment. As the economy improves, and consumers feel they have enough time and money to spend on entertainment and leisure, theme park attendance will improve. Many economic analysts conclude that the economy is recovering and will continue to do well into the future [CITE]. If such conclusions are accurate, the amusement park industry should see a rise in attendance and, consequently, revenue.

**Political and Legal Conditions**

One of the most prominent legal issues facing theme parks is that of park accidents and injury liability. Thousands of amusement park visitors are injured every year. Many of these incidents are turned into lawsuits. Amusement parks are responsible for the safety of its visitors, and therefore must provide adequate restraints, instructions, and maintenance to ensure this. Parks that fail to do this can be sued and not only lose money, but also reputation and popularity.

**Cultural and Social Trends**

Cultural trends facing the industry go right along with technological trends and it’s affect on the younger generations. Apps, social media, and demand for electronics is on the rise. The American culture is becoming increasingly animal and eco-friendly, and health conscience. Theme parks should take this into account when considering petting zoos, concessions, disposal, and safety.

**Global and International events**

Weather plays an important role in the life of a theme park. Not only can typical bad weather close a park for a day or two, but severe storms and natural disasters can seriously damage park rides and equipment. For example August 29, the Six Flags Theme Park in New Orleans received heavy damage from hurricane Katrina.

**Five Threats**

**Buyer Influence**

Six Flags Inc. had an estimated 25,638,000 visitors at their parks in 2014 (“Theme Index,” 2014). Over their 18 locations, that is approximately 1,424,333 visitors throughout each park’s season. This indicates that the visitors, or “buyers,” to Six Flags’ parks have very little influence over the operations the park. Therefore Six Flags faces very little threat in regard to buyer influence. It would take a large scale change of trend in order for Six Flags to recognize and act upon the command of its visitors.

**Supplier Leverage**

The main supplier to theme parks is roller coaster manufacturers. Arrow Dynamics, TOGO, Giovanola and only a handful of other suppliers provide high end roller coasters. The fact that there are so few suppliers and that the roller coasters are highly differentiated and custom made means that suppliers have lots of leverage . what increases the suppliers leverage is the fact that the market is controlled by few big companies  As far as other amusement components are concerned, there are quite a wide variety of suppliers and supplier leverage is not as high as it is with roller coasters.

**Threat of New Competition**

Low threat of new competition entering the theme park market. Economies of scale would keep most new entrants away. The bigger the coasters lead to bigger the thrills which leads to bigger the recognition and profit. A new entrant would have to design and fund substantial projects in order to compete at the highest levels. Existing parks would have a leg up with knowledge about the most popular rides, how to avoid legal issues, safety, operations.  A new entrant would have to also pass through this learning curve. The market is appears to be mature and Six Flags has established itself among the big names in the market. Six flags also has diversified itself placing Parks 19 different locations across the United States, grabbing its share of the market while leaving little breathing room for the little guys.

**Existing Competition**

There is a medium threat of existing competition. Theme parks are continually expanding and innovating their rides and user experience. However, notable competitors such as Disney, SeaWorld, and Universal Studios are actually targeting a different segment of the market. Unlike Six Flags, these theme parks are more focused on families and young children. Other American companies like Cedar Point, Knoebels, and Hersheypark pose a bigger threat because they compete with Six Flags for the “teenage” thrill-seeker segment. This can lead to Price wars and a constant need to change and adapt in relation to their competitors. Six Flags will have to differentiate themselves by integration of technology, continue to build taller and faster coasters, or invent a new form of entertainment.

**Substitutes**

The threat of substitutes is high and growing every day. Multiple forms of entertainment notably TV, movies, and video games pose a potential threat. These mediums of entertainment are constantly inventing new ways of providing consumers with an immersive experience. 3D movies are constantly being released and improved upon. Video game graphics are becoming increasingly real and seek to bring increasingly tangible thrills to your living room. A prime example of this is the Oculus Rift, this product is worn over the eyes and displays a very realistic 3-D environment. This product responds to where you are looking at within the environment, creating a totally observable and immersive virtual world. Ironically one of the favorite programs featured with the Oculus Rift is a roller coaster ride. Similar technology is emerging on a daily basis and will continue to compete for the consumer’s attention by providing convenient, cheap, and reusable entertainment. Other threats come from attractions and parks that don’t depend on rides. Water parks, Zoo’s, Mini Golf, and Arcades offer consumers an alternative to how they want to spend their weekend. With so many consumer options in the amusement and entertainment industry and with consumers constantly searching for the next best thing, the threat of substitutes will be extremely high.

**Industry Structure and Environmental Opportunities**

PART 3

**Internal Analysis**

**Product Differentiation**

Six Flags uses a product differentiation strategy to gain competitive advantage. To confirm my initial findings I also looked into Six Flags’ pricing structure to see how admission fees compared with its competitors. Wanderbat.com is a site that provides information on all types of water, theme, and amusement parks including pricing, locations, reviews, and number of attractions. According to Wanderbat.com you can find one day amusement park admission fees from $1 to $136 across the country. Six Flags has a network of 18 parks with prices ranging from $47.99, if purchased in advance, to $72.99 at the door. The 9 locations in the Wanderbat.com database were ranked in the top 88 percentile of the 233 total parks in the database. Thus cost leadership can be ruled out as a business level strategy of Six Flags. As forms of product differentiation, Six Flags uses the following:

**Product Features**- Six Flags is known for its high thrill rides using new technologies in rides such as Twisted Colossus which will combine wood and steel to reach new limits. The *Justice League: Battle for Metropolis* ride will also use new technology to provide a 3D interactive dark ride attraction (Six Flags, 2015).
**Product Complexity**- Complexity is a must when it comes to the rides. The rides and attractions at Six Flags are very complex in the way they are built. One ride for example, *Batman: The Ride Backwards*, runs backwards the entire time and reaches speeds up to 50 miles per hour (Six Flags, 2015).
**Location**- Six Flags has 18 locations across the United States, Mexico and Canada in big cities such as Los Angeles, Mexico City, and Atlanta.

**Product Customization**- Six Flags offers customized experiences for large events
like school field trips, work parties, and family reunions. The Park and staff
can offer custom catering options with private venues (Six Flags, 2015).

**Product Reputation**- Founded back in 1961, Six Flags is now 54 years old. TripAdvisor reviews for Six Flags range from 4-4.5/5 and on Yelp from 2.5-3.5/5. These reviews of customer satisfaction give Six Flags competitive parity. Though the reviews are higher than many small independent theme parks, they are right in line with other major parks like Disneyland and Cedar Fair (TripAdvisor, 2015) (Yelp, 2015).

**Linkages with other firms**- Partnerships and joint marketing with companies such as
Coca-Cola, Cold Stone Creamery, Dasani, Tyson, and many more give Six Flags a
competitive advantage.

**Product Mix**- While most Six Flags locations are recognized for having a lot of thrill rides, they also offer rides and attractions for visitors of all ages. Monster Mansion is an example of a ride designed for kids that slowly moves through a course passing animated
creatures on either side. Shows and other activities are also available (“Best Six Flags Attractions for Kids,” 2015).