

Analysis on Competitive Advantages of China's Theme Parks during post Covid Pandemic

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Abstract

During the pandemic, the response measures of theme parks and the development direction after the new pandemic have important research value for the future development direction of theme parks in China. This paper uses Porter's five forces competition model to analyze the competitive situation of China's theme park development after the pandemic, and puts forward corresponding suggestions. The research in this paper has important reference significance for the research on the development direction of Chinese theme parks after emergencies.

Keywords: *Theme park, COVID-19. countermeasures, Porter ' s Five Forces Competition Model Analysis1. Introduction*

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1. Introduction

In recent years, China has progressively commenced to develop the theme park industry, and the rapid development of the industry gradually widened. Nevertheless, the ensuing pandemic affected the tourism economy and had serious adverse effects on the entire cultural and entertainment industry. According to statistics, since the outbreak of the pandemic, China has closed 339 theme parks, 1736 amusement parks and 327 water parks (including 253 outdoor water parks, 59 indoor water parks and 15 indoor and outdoor water parks), 89 zoos (including marine animals) have been closed, and 81 theme parks and water parks under construction since 2018 have also been closed(TEA/ AECOM, 2021). With the spread of the pandemic in other countries, theme parks in other countries in the world have also been compelled to close down. Taking Shanghai Disneyland as an example, the investment scale of Shanghai Disneyland is up to tens of billions of RMB. From the beginning of the construction, the annual related income is up to tens of billions of dollars. Under the negative impact of the pandemic, Disney Group has also received the corresponding impact. According to Disney's financial report in August 2020, its total revenue in the third quarter was \$11.779 billion, a decrease of 43%, and a net loss of \$4.718 billion(The Walt Disney company reports,2020). Because the maintenance cost of such theme parks is comparatively high, the loss is correspondingly substantial. However, with the effective control of the pandemic in various regions of China, the start time of the overall closure of China's theme parks is about three months earlier than that of the America, that is, the control measures have been carried out since the beginning of 2020, which helps the domestic life and production order to be close to normalization as soon as possible, so that the loss of China's theme park industry is the smallest, and the annual decline in the total number of tourists is usually between 50% and 70%. This paper makes a

comprehensive study of the reasons for the small loss of Chinese theme parks relative to the theme parks in Europe and the United States, and further analyzes the competitive situation of Chinese theme parks in the post-pandemic era by utilizing Porter's five forces competition model theory, so as to provide constructive suggestions for the future development of Chinese theme parks.

2. Theoretical Background and Prior Study

The pandemic around the Spring Festival in 2020 has had a great impact on China's social economy and people's lives. Tourism has been hit hard and is practically stagnant in the short term (S.H. Wang. et al., 2020). In recent years, the impact and influence of major emergencies on tourism have attracted more attention in the field of tourism research (Y.H. Dang, 2020).

Due to the rapid spread of the pandemic, large scale, wide range, long time, rapid change, and presents a global, comprehensive, all-round development trend, the short-term impact and long-term impact on the tourism industry is tremendous. From the perspective of crisis management of major emergencies, tourism seems fragile, but sensitive. In the face of major crises, it is necessary to judge the impact on tourism from the breadth of coverage, duration length, direct or indirect impact (F. Cao, 2011). Accordingly, it is of great practical significance to rationally evaluate the impact of the pandemic on tourism, systematically predict the time and space trajectory of the revitalization of tourism, and scientifically clarify the revitalization mechanism and path of tourism in the post-pandemic period (Y.X. Zhai.et al., 2020).

In recent years, China has built a large number of theme parks, which also led to fierce competition across the industry. The rampant pandemic silence has become an obstacle to the development of the global economy. Tourists cancel tickets to air tickets, hotels and scenic spots, which have a huge impact

on the entire cultural and tourism industry (B. Wu. & X.Y. Men, 2021).

3. Development of theme parks under pandemic situation

3.1 Impact of the Covid-19 pandemic on overseas theme parks

The pandemic has brought great influence on the theme parks and other industries that rely on tourists' profit. From the data, the number of tourists has slumped considerably compared with before the pandemic.

| Top25 Global Theme Parks 2020 | | | | | |
|-------------------------------|------------------------------------|--------------------|-------------|---------|-------------------|
| No. | Names of Theme Parks | Number of Visitors | | Changes | Area Names |
| | | 2020 | 2019 | | |
| 1 | Disney Magic Kingdom Park | 6,941,000 | 20,963,000 | -66.9% | USA |
| 2 | California Disney Park | 3,674,000 | 18,666,000 | -80.3% | USA |
| 3 | Tokyo Disneyland | 4,160,000 | 17,910,000 | -76.8% | Japan |
| 4 | Tokyo Disneysea | 3,400,000 | 14,650,000 | -76.8% | Japan |
| 5 | Universal Studios Japan | 4,901,000 | 14,500,000 | -66.2% | Japan |
| 6 | Disney's Animal Kingdom | 4,166,000 | 13,888,000 | -70.0% | USA |
| 7 | Disney Epcot Center | 4,044,000 | 12,444,000 | -67.5% | USA |
| 8 | Zhuhai Chimelong Ocean Kingdom | 4,797,000 | 11,736,000 | -59.1% | China |
| 9 | Disney's Hollywood Studios | 3,675,000 | 11,483,000 | -68.0% | USA |
| 10 | Shanghai Disneyland | 5,500,000 | 11,210,000 | -50.9% | China |
| 11 | Universal Studios Florida | 3,908,000 | 10,922,000 | -64.2% | USA |
| 12 | Orlando Islands of Adventure | 3,638,000 | 10,375,000 | -64.9% | USA |
| 13 | Disney's California Adventure Park | 1,919,000 | 9,861,000 | -80.5% | USA |
| 14 | Disneyland Park Paris | 2,620,000 | 9,745,000 | -73.1% | France |
| 15 | Universal Studios Hollywood | 1,701,000 | 9,147,000 | -81.4% | USA |
| 16 | Everland | 2,760,000 | 6,606,000 | -58.2% | South Korea |
| 17 | Lotte World | 1,560,000 | 5,953,000 | -73.8% | South Korea |
| 18 | Nagashima Spa Land | 2,400,000 | 5,950,000 | -59.7% | Japan |
| 19 | Europa Park | 2,500,000 | 5,750,000 | -56.5% | Germany |
| 20 | Hongkong Ocean Park | 2,200,000 | 5,700,000 | -61.4% | Chinese Hong Kong |
| 21 | Hong Kong Disneyland | 1,700,000 | 5,695,000 | -70.1% | Chinese Hong Kong |
| 22 | Efteling Park | 2,900,000 | 5,260,000 | -44.9% | Netherlands |
| 23 | Walt Disney Studios Paris | 1,410,000 | 5,245,000 | -73.1% | France |
| 24 | Beijing Happy Valley | 3,950,000 | 5,160,000 | -23.4% | China |
| 25 | Chime-Long Paradise | 2,681,000 | 4,905,000 | -45.3% | China |
| | Top 25 in Total | 83,105,000 | 253,724,000 | -67.2% | |

Figure 1. Top25 theme parks in the world

According to the 2020 theme parks and museums report, visitors to global theme parks declined from 50 to 90 per cent in 2020, one of the biggest annual declines ever in the theme park industry. Global theme park Top25(Figure 1) has only 83.1 million annual visitors, down 67.2 per cent from 250 million in the previous year. From a regional perspective, most of the theme parks in the Americas have been in operation for several months in the period when the pandemic is still stable at the beginning of 2020. However, most of the time from March to the end of the year is closed, and the closing time varied from several months to the rest of the year. The total annual decline in the number of tourists is usually about 70 % – 80 %. Due to China's effective prevention and control measures in the early stage of the pandemic, the start time of the overall closure of China's theme parks is about three months earlier than that of the Americas, that is, the corresponding measures have been taken since the beginning of 2020, so as to help China's domestic life and production order close to normalization as soon as possible, making the loss of China's theme park industry relatively minimal, and the decline in the total annual tourist volume is between 50 and 70 %. Overseas theme park with local theme park there are such differences in tourists decline, the reason from the point of structure, especially the theme park in the United States of America as a representative of many large-scale theme park visitors travel destination, to be able to attract and lai in the tourism industry of tourists in the world, thus the biggest impact was perceived in the pandemic, A massive decline in foreign tourists is the main factor. In Europe, Netherland's Efteling Park is dominated by local tourists, who did not suffer the impact of the pandemic until a little later in 2020, with an annual decline of just 44.9%, a case of excellence across the European and American theme park industry.

3.2 Challenges and Countermeasures of Chinese Theme Park in the Pandemic Situation

| Top 20 Asia-Pacific Theme Parks | | | | | |
|---------------------------------|--------------------------------|---------------------|-------------|---------|-------------------|
| NO. | Names | Numbers of visitors | | Changes | Area Names |
| | | 2020 | 2019 | | |
| 1 | Tokyo Disneyland | 4,160,000 | 17,910,000 | -76.8% | Japan |
| 2 | Tokyo Disneysea | 3,400,000 | 14,650,000 | -76.8% | Japan |
| 3 | Universal Studios Japan | 4,901,000 | 14,500,000 | -66.2% | Japan |
| 4 | Zhuhai Chimelong Ocean Kingdom | 4,797,000 | 11,736,000 | -59.1% | China |
| 5 | Shanghai Disneyland | 5,500,000 | 11,210,000 | -50.9% | China |
| 6 | Everland | 2,760,000 | 6,606,000 | -58.2% | South Korea |
| 7 | Lotte World | 1,560,000 | 5,953,000 | -73.8% | South Korea |
| 8 | Nagashima Spa Land | 2,400,000 | 5,950,000 | -59.7% | Japan |
| 9 | Hongkong Ocean Park | 2,200,000 | 5,700,000 | -61.4% | Chinese Hong Kong |
| 10 | Hong Kong Dinseyland | 1,700,000 | 5,695,000 | -70.1% | Chinese Hong Kong |
| 11 | Beijing Happy Valley | 3,950,000 | 5,160,000 | -23.4% | China |
| 12 | Chime-Long Paradise | 2,681,000 | 4,905,000 | -45.3% | China |
| 13 | Universal Studios Singapore | 1,098,000 | 4,500,000 | -75.6% | Singapore |
| 14 | China Dinosaur Park | 2,375,000 | 4,434,000 | -46.4% | China |
| 15 | Shenzhen's Window of the World | 1,890,000 | 3,990,000 | -52.6% | China |
| 16 | Shenzhen Happy Valley | 3,120,000 | 3,980,000 | -21.6% | China |
| 17 | Zhengzhou Fantawild | 3,421,000 | 3,840,000 | -10.9% | China |
| 18 | Chengdu Happy Valley | 2,620,000 | 3,580,000 | -26.8% | China |
| 19 | Ningbo Fantawild | 2,257,000 | 3,575,000 | -36.9% | China |
| 20 | Shanghai Happy Valley | 2,730,000 | 3,390,000 | -19.5% | China |
| Top 20 In total | | 59,520,000 | 141,264,000 | -57.9% | |

Figure.2 Top 20 Asia-pacific theme parks

It can be seen from the data that 13 of the Top20 theme parks in the Asia-Pacific region(Figure 2) are located in China. At the start of the pandemic, China took the lead in implementing restrictions and closures. In the last two years, even under the influence of the pandemic, new parks and attractions continue to open in China. New theme parks are also being planned and built. The most famous one is Beijing Universal Studios, which opened in September 2021. Fantawild opened new parks, while Chime-Long Paradise was expanded.

China's theme park in late January 2020 into the first round of closure, not only international tourism stalled, domestic tourism, including inter-provincial travel is also prohibited. Although some parks were reopened for the first time in late March with about 30% passenger capacity, with the effective implementation of pandemic prevention and control measures, even if the production and living order were gradually restored in China, there was a lack of travel restrictions for overseas tourists, domestic inter-provincial tourists and tourists' anxiety about the pandemic, which led to the fact that most theme parks and water parks in China still attracted much fewer tourists than before. Part of the theme parks in China can maintain a higher number of visitors because they perform better in attracting local visitors.

4. Competitiveness Analysis of Chinese Theme Park in Post - Pandemic Era

The normalization of the pandemic will become the "touchstone" of the market structure of China's theme parks. The local market of theme parks in first-tier and second-tier cities has recovered rapidly as a result of local "not to leave the city" pandemic prevention proposals, and some of them have fully recovered beyond pre-pandemic levels in 2019 (China Theme Park Research Institute, 2021). How to expand the competitive advantage of Chinese theme parks in the future under the normalization of the pandemic situation, this paper analyzes the bargaining power of suppliers, the bargaining power of buyers, the threat of new entrants, the threat of substitutes and the competition degree of competitors in the industry through the "Porter Diamond Theory" in Figure 3.

4.1 Bargaining power of supplier

Suppliers include manufacturers, distributors and other intermediaries. For China's local theme parks, suppliers include entertainment and service facilities providers, actors, costume props, staff clothing and so on. Although China's local theme

parks have complete intellectual property rights from R & D design to software film and television, and have developed rapidly, various types of theme parks emerge in endlessly, but due to the uneven development of theme parks, and the lack of internationally renowned brands such as Disneyland, there is a lack of bargaining power, and the overall development needs to be standardized.



Figure 3. Michael Porter's Five Forces Model

4.2 Bargaining power of Buyer's

As buyers, tourists naturally hope to obtain products with higher cost performance. However, the bargaining power of the buyer depends mainly on the density of the buyer. If the buyers is dense and large in number, it has a strong bargaining power to buy large quantities of products and services Conversely, if the buyer concentration is low, the quantity is small. carries on the individual purchase regarding the product and the service. it has the bargaining power naturally to be weak. At present, the homogenization of theme parks in China is serious. lack of well-known IP, the number is large, the regional distribution is wide, and the choice of

consumers is more, so it has strong bargaining power for buyers.

4.3 Threat of new entrants

Tourist age of theme parks is mainly distributed among young and middle-aged people aged 19-45 (C.X. Xu, 2003). With the economic development and the improvement of residents' living standards, the ways of entertainment and leisure have begun to show diversification. Faced with the pressure of study and work, many young people will choose leisure vacation sightseeing or experiential games to alleviate the pressure. The normalization of the new type of coronavirus makes more and more theme parks pay more attention to the use of artificial intelligence, continue to be scientific, technological and intelligent. rely on VR/AR, 5G, and other technologies to improve their attractiveness to young groups, and improve service guarantee, marketing and promotion by using scientific and technological means. However, the major international well-known theme parks Disneyland and Universal Studios have successively opened up and operated in China. Not only in the case of technological factors, the factor of IP brand advantage has always been the biggest competitive advantage compared with the development of Chinese local theme parks.

4.4 Substitutes

Due to the economic development and the increase of cultural and recreational activities in recent years, the recreational ways that residents can carry out are diversified. And because of the pandemic, cross-regional mobility difficulties and tourists' repeated concerns about the pandemic have become one of the important limiting factors for Chinese theme parks to attract tourists from remote areas. At the same time, due to the rise of various new entertainment activities in the city, such as script killing, bombing house, etc., coupled with

the reduction of time cost on the way, and the convenience of space, many young people will choose to live closer to their place of entertainment. There is therefore a certain degree of substitute threat.

4.5 Rivalry

Taking the local theme park in the forefront of China's economic development as an example, Chime-Long Paradise is located in Hengqin New District, Zhuhai City, Guangdong Province, with an area of 132 hectares. It is a comprehensive resort integrating theme parks, luxury hotels, business exhibitions, tourism shopping and leisure sports, and also a large-scale ocean theme tourism resort. Its high investment scale also becomes its most competitive characteristic. Beijing Happy Valley is located in Chaoyang District, Beijing, covers an area of 560000 square kilometers, the park consists of seven major areas, and is China's 5A scenic spot, new Beijing scenery, Beijing cultural and creative industry base, is an international, modern theme park. The number of stable tourists due to its stable permanent population size is an important factor in ensuring its competitiveness. Zhengzhou Fantawild is located in Zhengzhou New District, covering modern science and technology, scientific fantasy, myths and legends, history and culture, and theme performances. Rich content for different age groups of visitors' demand. And convenient transportation, open a number of direct bus and subway lines.

The convenient transportation mode and the diversified number of venues have become the powerful competitive factors of Zhengzhou Fantawild. From the above cases, it can be seen that the development scale of China's theme parks has gradually expanded. The theme parks that have been opened or are under construction are developing steadily. Each theme park has its own unique competitive advantage, and the competition in the industrial development environment is fierce.

5. Conclusion

In summary, through the analysis of the five-force competition model, it can be concluded that in the post-pandemic era, due to the large number of suppliers in the current Chinese theme park market, the relative bargaining power is weak. The downstream consumer market is mainly terminal consumers, because the theme park brand is numerous, the consumer choice is larger, so the bargaining power is strong. With the rapid growth of consumer culture and entertainment, entertainment facilities sites and ways increase, there is a certain threat of substitutes. In addition, due to the theme park industry famous foreign brands have layout of the Chinese market, there is a greater threat of new entrants. There are many competitors in the same industry, and the factions are in steady development, and the competition between existing enterprises is fierce. Therefore, in order to improve the environment of local theme parks in China and increase their core competitiveness, the following suggestions are put forward:

5.1. Adhering to Brand Strategy

Disneyland as a global theme park model, its enduring secret lies in the establishment and promotion of its brand, so all over the world have a group of loyal fans. Disney souvenirs are various, and with rich connotation and theme, showing a strong personality. widespread dissemination of souvenirs can play a role in brand promotion. improve the quality of cultural IP products while increasing IP output, and reducing blind construction. Increase the research and development of creative IP to improve the IP increasing IP output, and reducing blind construction. Increase the research and development of creative IP to improve the IP content of interest (S.H. Yin. & S. Zhang, 2021). By combining cultural innovation with tradition and taking into account China's rich geographical, historical and cultural elements, China will give full play to its local

advantages to continuously enhance its international influence and competitiveness.

5.2. Innovative Competition Strategy

Only continuous innovation can ensure the sustainable development of China's local theme parks. Including the innovation of product forms, Disneyland has adhered to the operating principle of “three-three system” for many years. that is, one-third of hardware equipment is eliminated every year and one-third of new concept projects are built (H.Y. Li, 2004). Make tourists always maintain freshness, so as to ensure the sustainable and stable development of the market.

Marketing means innovation. Early years Hangzhou Songcheng theme park and online game “The World of Legend” linkage once triggered a positive response of many netizens (Tech Sina, 2004). Nowadays, China’s game and animation industry has gradually moved to the international market, and the linkage and cooperation with these cultural products will attract the attention of overseas tourists to a certain extent after the pandemic on the basis of attracting specific fans.

5.3. Make full use of technological advantages

The impact of the pandemic has brought opportunities to the development of online theme parks and cloud theme parks. New technologies such as 5G and AI will play an important role in future theme parks. Further strengthen the immersive experience of tourists, technology and theme park application scene depth combination, improve the satisfaction of tourists' viewing experience. At the same time, the popularity of body temperature detection system is also more conducive to the prevention and control of the pandemic is also an important way to promote the intelligent development of theme parks.

Through the above analysis, the post-pandemic era is both an opportunity and a challenge for China's local theme parks. How to make full use of its brand advantages, business

strategy and scientific and technological means in the process of large-scale international development will become an important standard to measure the success of a theme park, which has important reference significance and research value for China's local theme park to the world stage

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