Pricing Strategy and Ethics: Wet 'n Wild

The right pricing strategy?

Wet 'n Wild is a chain of waterparks that are operated across Australia, the United States, and now China. The first waterpark in the chain was opened on the Gold Coast in Australia in 1984. Since that time they have expanded to eight locations, including Hawaii and Las Vegas.

In 2013, they opened a new water park in Sydney, Australia. Despite Sydney being a major international city with a population of over 5 million, it does not have a major theme or amusement park. Therefore, the new Wet 'n Wild facility was able to obtain a virtual monopoly in the Sydney area.

Obviously, Sydney is relatively well known for its famous beaches, including Bondi Beach. To counteract this indirect competitor, Wet 'n Wild located their new waterpark around one hour inland, away from the beaches. This location was still within large residential areas and easily accessible by road.

Because Sydney was lacking a major theme park, Wet 'n Wild was able to attract significant publicity and media attention prior to opening, particularly as the park was promoted as "the largest waterpark in the world". This was supported by significant advertising expenditure, which was primarily focused on selling season pass tickets.

The pricing structure for the new Wet 'n Wild waterpark was designed to sell season passes, rather than individual visits. For example, a season pass cost $120 as compared to a one-day visit pass of $70. This meant that there was a significant incentive to buy the season pass.

As a result, these season passes were enormously popular. The Christmas period in Australia is in the middle of summer, so these season passes became popular Christmas gifts as well.

As you can imagine, as consumers have paid for multiple visits – many of them want to get great "value for money"– which means as many visits as possible. As a consequence, the park become very crowded at times. On several occasions, in the middle of summer, the waterpark was at full capacity. That means that season pass holders, who had paid for their tickets, were unable to enter the park because it was full.

The other contributing factor to this overcrowding situation was that Wet 'n Wild was not open every day. Although their season ran from September to April (the warmer months in Australia), they were not open seven days a week – sometimes only being open on weekends.

With a waterpark operating at full capacity on a hot day, you can imagine that the queues were quite long and uncomfortable. It was not uncommon to wait 1 ½ to 2 hours for a waterslide. This resulted in significant customer dissatisfaction that was expressed through social media, including Wet n' Wild's own Facebook site.

Discussion Questions

1. As a new facility, Wet ‘n Wild was keen to recoup their infrastructure investment as quickly as possible. Therefore, do you agree with their pricing strategy or would there be a more appropriate approach to pricing?
2. As the number of season passes sold was significant, do you think that is ethical of the company to keep promoting these passes or do you think that they have a responsibility to their shareholders to maximize profitability?
3. Given that season pass holders paid for a service that was not always available (that is, the park was full), do you think that they should be entitled to some form of refund or compensation? If so, how could this be implemented given thousands of people could have been affected.
4. As there were reasonable numbers of dissatisfied season pass holders, what do you think would be the long-term implications of Wet n’ Wild’s objective to sell as many season passes as possible?