

## Six Flags/Cedar Fair: Elimination of Close Competition in 3 Metropolitan Areas Likely Focus of DOJ Review

Six Flags Entertainment (SIX) and Cedar Fair's (FUN) proposed "merger of equals" would eliminate close competition between the theme park operators in three metropolitan areas—Washington, D.C., Philadelphia, and the San Francisco Bay Area—an outcome that's the likely focus of DOJ's antitrust review of the \$8 billion deal, according to a *Capitol Forum* analysis.

As two of the largest amusement park operators in North America, Six Flags and Cedar Fair compete in a number of regions throughout the U.S. But their rivalry is particularly important around the nation's capital and Philadelphia, where they run two of the three major theme parks in each area. Their merger would have an even more significant impact in the San Francisco region, where the companies operate the only two major theme parks.

Many customers select where they'll go based on how close the parks are to their homes, industry experts said. The two companies also compete on price and the type and number of rides—a rivalry that would be lost in the three regions if the merger is completed as is, the experts said.

In November, the companies [announced](#) their plans to create a theme park colossus: Six Flags owns and operates 27 amusement and water parks across the U.S., Mexico and Canada, and Cedar Fair has 15 in the U.S. and Canada. The combined company's control of 42 parks and nine resort properties would make it the largest such operator in North America.

DOJ issued [second requests](#) to the companies in January; Cedar Fair and Six Flags have said they would comply with the department's demands for more information by May 2.

The merger's impact on Southern California also could be problematic from DOJ's point of view, as the number of large amusement park competitors in the region would be reduced from six to five. The area is home to several major parks, including two of the merging companies' flagship properties, Six Flags Magic Mountain in Valencia and Cedar Fair's Knott's Berry Farm in Buena Park. The latter attraction is just 10 minutes away from the region's most famous park, Disneyland, and close to Universal Studios Hollywood.

A six-to-five merger in a market of equally sized competitors could lead to concentration that's presumptively unlawful, according to the [new merger guidelines](#). The Six Flags and Cedar Fair parks in Southern California are smaller than their better-known competitors; without revenue numbers for all the parks, an exact concentration calculation isn't possible.

That said, Six Flags Magic Mountain and Cedar Fair's Knott's Berry Farm compete more directly against each other for customers—as they're regional rather than national attractions—appearing to make the combination a problem under Guideline 2: “Mergers Should Not Eliminate Substantial Competition between Firms.”

DOJ declined to comment on its review. Spokespeople for Six Flags and Cedar Fair didn't respond to requests for comment.

When announcing the merger, the companies said they expected it to close in the first half of 2024 following the approval of Six Flags shareholders.

“Cedar Fair and Six Flags continue to work constructively with the DOJ in its review of the merger and continue to expect it will be completed in the first half of 2024,” Cedar Fair CEO Richard Zimmerman [said](#) last month. “We look forward to capitalizing on the opportunities ahead for the combined company.”

**Market definition.** How narrowly DOJ defines a market for amusement parks is likely to go a long way toward establishing if the department finds the deal to be anticompetitive. The merging parties will likely seek to include other types of entertainment in the market definition, emphasizing that families and other customers often choose from among a variety of attractions, such as movie theaters and rock concerts.

“Is the market just amusement parks, or is it anything and everything that people would spend their free time and money on?” said Reese Poncia, an associate in the Washington, D.C., office of McDermott, Will & Emery who focuses on antitrust.

A broader market definition also would obscure the fact that there are relatively few competing amusement parks in some parts of the country.

But DOJ probably will question if such attractions are realistic substitutes for theme parks, according to *The Capitol Forum*'s analysis. In defining the market, DOJ is likely to look at what people commonly think of as amusement parks and how close they are to each other, industry and antitrust experts said.

“Geography is the primary driver for the average park guest,” said Arthur Levine, author of the newsletter *Arthur's About Theme Parks*. “Some folks may choose to perhaps go beyond a day trip and maybe drive 300 to 500 miles to go to a park. But in general, most of the parks are drawing from their drive-to markets.”

Levine's assessment aligned with a consensus of industry and antitrust experts that a market definition would likely look at parks within 300 miles of a metropolitan area.

"The key factor in the DOJ's market definition will be looking at consumer preference and choices, and seeing what the real scope of the market is here," McDermott's Poncia said. "Are these parks a plane ride away or a drive away? I think that's the main factor here in terms of market definition."

Unlike Disney (DIS) and Universal, which operate destination parks with resorts and multiple parks on their properties to enhance guests' experience and encourage them to stay for up to a week at a time, Six Flags and Cedar Fair own and operate regional amusement parks. Customers largely come from the surrounding metropolitan and suburban areas.

DOJ might look at 1997's *U.S. and State of Colorado v. Vail Resorts* as a precedent for geographic market definition; that case concerned mountain resort company Vail Resorts' acquisition of Colorado ski chain Ralston Resorts. At the time, DOJ investigated whether the transaction would result in higher prices for local skiers in Colorado's Front Range, an area that includes Denver and Colorado Springs, who couldn't afford to travel to far-off locations. The department cleared the merger on the condition that one ski destination in that region, the Arapahoe Basin resort in Dillon, be sold to a third-party buyer.

**Price competition.** Beyond location, people also consider price before choosing a theme park, industry participants said.

Price comparisons among amusement parks are difficult to make due to fees, perks and service charges the parks layer on to the cost. Although basic prices for daily admission tickets and seasonal passes are transparent, there's no public information available on average spending per visitor.

Contributors to online message boards like Reddit discuss the [nuances](#) of [pricing](#) within the parks, which can charge significant fees for parking or for popular rides. Some customers also complain about high service charges for food sold in parks.

Tickets at theme parks across the country range from those that grant one-day admission to a tiered series of seasonal passes, each one containing additional perks for more money. Many of the perks are discounts that decrease the hidden fees for food, drink, merchandise and parking that add to the overall price for parkgoers, industry experts said.

In addition to price, parks compete on the number and types of rides they offer, industry participants said.

With these factors in mind, *The Capitol Forum* took a close look at Six Flags, Cedar Fair and competitors' theme parks within a two-hour drive of four major metropolitan areas.

### **The DMV (D.C., Maryland, Virginia)**



#### **Distance from downtown Washington, D.C.:**

Six Flags America—35 miles

Kings Dominion—85 miles

Busch Gardens Williamsburg—156 miles

## Pricing:

	Day Pass	Tier 1 Season	Tier 2 Season	Tier 3 Season	Tier 4 Season
Six Flags America	\$35.00	\$65.00	\$89.00	\$127.88	\$175.00
Kings Dominion (Cedar Fair)	\$39.99	\$95.00	\$115.00	\$250.00	n/a
Busch Gardens	\$53.99	\$207.00	\$264.00	\$465.00	n/a

**Rides and other features that differentiate the parks.** The Washington, D.C./Maryland/Virginia (DMV) area contains three major theme parks: Six Flags America in Bowie, Maryland; Cedar Fair's Kings Dominion in Doswell, Virginia, outside of Richmond; and Busch Gardens in Williamsburg, Virginia, owned by SeaWorld (SEAS). The merger would reduce the number of independently competing theme parks in the area from three to two.

Six Flags America benefits from being the closest park to Washington: Kings Dominion and Busch Gardens are much longer drives for D.C. residents. Dennis Spiegel, who designed and ran Kings Dominion from 1974 to 1981, said, "I was drawing customers from Washington, D.C. and Bethesda [a D.C. suburb], which is heavily populated."

In contrast, Spiegel said, "My population in Richmond was less than 900,000. I was the only park in the industry whose core market was 90 to 100 miles away." He described Busch Gardens as his biggest rival.

Six Flags America began as a drive-through wildlife park in the 1970s before Premier Parks acquired it in 1992. After Premier bought the Six Flags amusement park chain from Time Warner in 1998, the company changed the park's name from Adventure World to Six Flags America.

In subsequent years, Six Flags would add several thrill rides to the park, including Joker's Jinx, a groundbreaking roller coaster that uses a linear induction motor to launch riders from 0 to 67 miles per hour in only three seconds.

"It was one of the first significant commercial uses of a magnetic drive system that could launch heavily weighted vehicles," said Jim Seay, who designed the ride. "NASA reached out to us for discussions because they were looking at the launch system technology to get products into outer space."



Six Flags America's parent corporation has been less attentive to the park compared with its other properties. The park's newest coasters, Firebird and Ragin Cajun, were transferred from Six Flags Great America in Gurnee, Illinois, in 2012 and 2014, respectively. No new coaster has opened since then at the Maryland location.

Speigel downplayed competition from Six Flags, despite being envious of its proximity to the nation's capital. "Six Flags America is not a serious player. It's in a very difficult area of that part of the market, and it has never really driven that kind of attendance," he said. "We never really considered them a rival through the years."

However, other industry experts described the park as more competitive, especially given its location. "It's very much a local park for people in the suburbs of D.C.," said American Coaster Enthusiasts (ACE) President Elizabeth Ringas. "They have a long history of people giving them a hard time, but they have some excellent rides up and running."

Ringas and others said they were worried that Six Flags America would be closed if the merger was consummated. Of the four Six Flags parks *The Capitol Forum* surveyed, it offered the lowest admissions prices, perhaps a reflection of its lower status within the company's hierarchy.

Kings Dominion, which opened in 1975, has 13 roller coasters, including Intimidator 305, one of the highest and fastest in the United States, and Anaconda, the first-ever steel looping coaster with an underwater tunnel. It became part of Cedar Fair in 2006, when it purchased Kings Dominion's parent company, Paramount Parks, adding 11 locations to its properties.

Originally owned by beer manufacturer Anheuser-Busch, Busch Gardens was acquired by SeaWorld in 2009. The park has 10 roller coasters, including Alpengeist, the world's tallest inverted roller coaster, and the groundbreaking Loch Ness Monster, which opened in 1978 as the first roller coaster in the world to feature interlocking loops. The ride is the only remaining coaster in the world with this feature.

Loch Ness Monster was Busch Gardens' strike against Kings Dominion. In the first three years of its operation, Speigel said Kings Dominion beat Busch Gardens by "at least 200,000 to 300,000 people per year."

He added, "Then when I saw Loch Ness Monster, I just about passed out. It was one of the greatest coasters ever built – and the year it opened, they beat me in attendance by 250,000 because I didn't put anything in."

Throughout the years, both parks built out niches for themselves: Kings Dominion made itself known primarily as a place for thrill seekers and families, while Busch Gardens drew in older crowds for its live concerts and holiday festivals. ACE President Ringas, who lives in the suburbs of Richmond, said she tends to go to Kings Dominion with her family but will travel to Busch Gardens by herself at least once a month for their festivals. “Kings Dominion is ride, ride, ride,” she said. “Busch Gardens is more focused on the experience *between* the rides.”

**Philadelphia**



**Distance from downtown Philadelphia:**

- Six Flags Great Adventure—51 miles
- Dorney Park—60 miles
- Hersheypark—97 miles

**Pricing:**

	Day Pass	Tier 1 Season	Tier 2 Season	Tier 3 Season	Tier 4 Season
Six Flags Great Adventure	\$50.00	\$85.00	\$115.00	\$139.88	\$195.00
Dorney Park (Cedar Fair)	\$39.00	\$99.00	\$120.00	n/a	n/a
Hersheypark	\$49.99	\$158.00	\$187.00	\$254.00	n/a

**Rides and other features that differentiate the parks.** The greater Philadelphia metro area has three major theme parks: Cedar Fair's Dorney Park in Allentown, Pennsylvania; Six Flags Great Adventure in Jackson Township, New Jersey; and Hersheypark in Hershey, Pennsylvania, owned by chocolate candy maker The Hershey Company (HSY). The merger would result in the number of independent parks in this region shrinking from three to two.

The Philadelphia area parks compete primarily on rides and family attendance. Six Flags Great Adventure has some of the most famous coasters in the world, including Kingda Ka, the world's tallest coaster and the fastest in North America, and the more recent Jersey Devil, one of the world's tallest and fastest single-rail coasters.

Hersheypark, Great Adventure's closest competitor in the coaster sphere, has 14 of the rides. They range from the 1946 wooden coaster The Comet to Wildcat's Revenge, a renovated version of the park's old Wildcat coaster that opened last June.

Dorney Park, the oldest and smallest of the three, has less room for coasters, although this year it will open The Iron Menace, its first coaster since 2008. The park has primarily competed for families over thrill seekers by installing a strong collection of flat rides—traditional carnival rides like scramblers or swinging pirate ships that adults and most children can go on.

“People will leave the line on a bigger ride because they see there's no line on the scrambler,” said Bret Ulozas, ACE's New Jersey representative. “That way you're not waiting hours to get on something big.”

Although Great Adventure is a magnet for coaster enthusiasts, it struggles to compete with Dorney and Hersheypark for family attendance. Great Adventure's Hurricane Harbor water park isn't included with regular one-day admission, whereas Dorney Park's water park is; Great Adventure's drive-through safari costs extra, while Hersheypark has a free zoo on site. Great Adventure doesn't invest heavily in live entertainment, but Hersheypark and Dorney Park do.

Great Adventure's location works against it since Jackson Township doesn't have adequate hotel space, discouraging guests from staying multiple days. “Great Adventure is just in the middle of the woods,” said Ulozas. “A few years ago, when we had a coaster convention there, the hotel was probably 35 miles away.”

As the one destination park in the Philadelphia region, Hersheypark offers the most for families to do. In addition to its water park and zoo, it has a ride-through tour of a Hershey chocolate plant

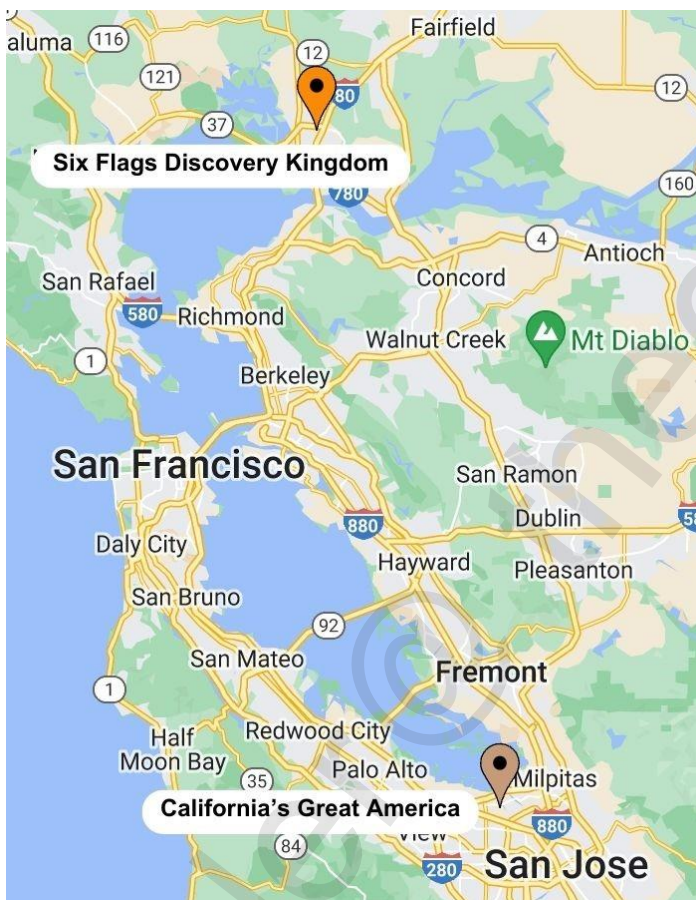


that's open year-round, even during the off-season when the rest of the attractions are closed. The park also boasts campgrounds and hotels for overnight guests, live entertainment and fine dining.

"Hersheypark has a strong sense of identity," said Carly Caramanna, who covers the industry for *Travel + Leisure* and grew up going to Hersheypark with her family. "You have people who have been going there for multiple generations. It's hard to get that nostalgia with a Six Flags park that's gone under ownership changes through the years."

Ulozas described Dorney and Great Adventure as closer competitors to each other than to Hersheypark. "Hershey has made themselves very different from those two," he said. "Dorney and Great Adventure are day parks. When you go to Hershey, you feel like you want to spend two days there at least, if not a third."

### **San Francisco Bay Area**



### **Distance from downtown San Francisco:**

Six Flags Discovery Kingdom—33 miles

California's Great America—43 miles

## Pricing:

	Day Pass	Tier 1 Season	Tier 2 Season	Tier 3 Season	Tier 4 Season
Six Flags Discovery Kingdom	\$40.00	\$55.00	\$99.00	\$127.88	\$175.00
California's Great America (Cedar Fair)	\$40.00	\$89.00	\$105.00	n/a	n/a

**Rides and other features that differentiate the parks.** In Northern California, Six Flags and Cedar Fair have parks within a two-hour radius of San Francisco—Six Flags Discovery Kingdom in Vallejo and Cedar Fair's California's Great America in Santa Clara. The merger would reduce the number of parks from two to one. Six Flags Discovery Kingdom is 38 miles north of San Francisco.

Great America is a little less than an hour away from the city and only 10 miles outside of San Jose.

Six Flags Discovery Kingdom originally opened as Marine World in 1968 before merging with another animal park to become Marine World/Africa U.S.A. in 1970. Due to that park's lack of rides, California's Great America, which opened in 1976, got in on the coaster market. Cedar Fair acquired the park 30 years later.

When Six Flags bought Marine World/Africa U.S.A. in 1998, it immediately began adding thrill rides. In 2000, the two parks competed with new, groundbreaking roller coasters: Great America unveiled Stealth, the world's first flying coaster, and Discovery Kingdom added Medusa, one of the world's first floorless roller coasters.

During the 2010s, each park added new coasters or remodeled older ones, often in the same year. The last time this happened was 2018, when Great America launched RailBlazer, a single rail coaster featuring a 90-degree drop, and Discovery Kingdom added its own single rail coaster, Harley Quinn Crazy Coaster. The ride closed in 2020 due to its poor operation.

Theme park enthusiasts on Reddit overwhelmingly express their preference for Great America over Discovery Kingdom in terms of atmosphere, rides and the standard of operations. Multiple [posts](#) from parkgoers said that Discovery Kingdom has a poor track record of operations, with multiple rides closed for renovation without notice, and that the park itself has grown dingy compared with Great America's cleanliness.

Nicholas Laschkewitsch, who hails from the region and has directed documentaries on roller coasters, said that Vallejo's crime hasn't helped Discovery Kingdom's image. "It has been a struggle for them," he said. "My family's car has been broken into when we've gone to Discovery Kingdom."

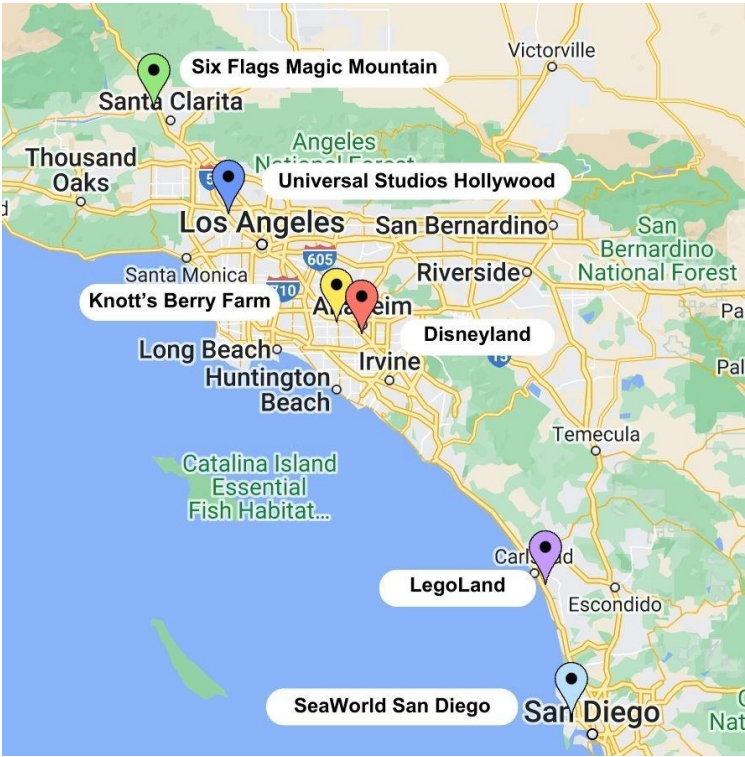
There are also questions about how Cedar Fair might handle Discovery Kingdom's wildlife and marine sections, because Cedar Fair doesn't have similar assets. In fact, when Cedar Fair purchased Ohio's Six Flags Worlds of Adventure in 2004, it didn't acquire the park's animals, selling them instead.

Laschkewitsch, who grew up going to Great America, worries about the merger's impact. "In other markets where there are two parks, will the new company decide to keep the better one, close the lower-performing one and then scrap and sell off the rides?" he said. "As a pass holder, I'm worried about losing parks just to cut some costs from this massive influx of parks that are now in this merged company."

Laschkewitsch said he's worried about a potential post-merger rise in the price of season passes. But a price hike might help smaller parks like Gilroy Gardens, a former Cedar Fair park that operates as a 501(c)(3) by the city of Gilroy, 40 miles from Great America, he said.

If so, that could give the merging parties an argument for a broader market definition in this region that includes Gilroy Gardens.

### **Southern California**



**Distance from downtown Los Angeles (listed from north to south):**

- Six Flags Magic Mountain—48 miles
- Universal Studios Hollywood—9 miles
- Knott’s Berry Farm—21 miles
- Disneyland—26 miles
- Legoland—89 miles
- SeaWorld—117 miles

**Pricing:**

	Day Pass	Tier 1 Season	Tier 2 Season	Tier 3 Season	Tier 4 Season
Six Flags Magic Mountain	\$59.00	\$90.00	\$125.00	\$139.88	\$200.00
Knott’s Berry Farm (Cedar Fair)	\$59.99	\$130.00	\$155.00	\$399.00	n/a
Universal Studios	\$109.00	\$169.00 (CA residents only)	\$224.00	\$309.00	\$579.00

Disneyland	Lowest cost: \$96.00 Highest cost: \$250.00	\$499.99 (SoCal residents only)	\$849.00	\$1,249.00	\$1,649.00
Legoland	\$79.00	\$179.00	\$229.00	\$279.00	\$349.00
SeaWorld	\$64.99	\$153.00	\$177.00	\$246.00	n/a

**Rides and other features that differentiate the parks.** Southern California is, along with Florida, ground zero for theme park competition in the U.S., and the highest-priced area of the four studied here. The region is home to Magic Mountain, Knott's Berry Farm, Disneyland and Universal Studios Hollywood, and further south, Legoland in Carlsbad and SeaWorld San Diego. The merger would result in the number of independent amusement parks in this region contracting from six to five.

In this area, Six Flags and Cedar Fair must compete for customers more aggressively than anywhere else, especially given Disneyland's status as the [second-most attended](#) theme park in the world, as of 2022.

Robert Niles, founder and editor of Theme Park Insider, an industry trade publication, said that Knott's and Magic Mountain have done a good job pricing below their rivals.

"They cannot get away with charging the prices Disneyland and Universal can," he said. "But their season passes encourage people to come back and spend money in the parks. Everyone has been picking up people who have been left behind by Disney, as Disney has become so aggressive with [increasing] pricing over the past decade."

Both Disneyland and Universal compete by selling nostalgia to guests, largely through their iconic characters and content. Disneyland has always been a place for guests to meet characters and relive moments from the films they grew up with, and the company's acquisitions of the Marvel and Star Wars franchises have added new attractions for guests.

Universal has done the same with its recent Harry Potter and Nintendo World segments.

Like many Six Flags parks, Magic Mountain doesn't compete as aggressively for family attendance as it does for thrill seekers. It holds the world record for the most coasters at any theme park, with 20, and the park continually innovates with its rides.

It has the world's longest wooden racing coaster, Twisted Colossus, and the world's longest and tallest single-rail coaster, Wonder Woman Flight of Courage. As such, the park generally attracts thrill seekers, with families far more likely to attend a place like Disneyland.



However, by raising the bar for roller coasters, all of Magic Mountain's rivals, with the exception of the more family-oriented Legoland, have found ways to be more competitive, either by investing more heavily in coasters, as SeaWorld has, or coming up with unparalleled high tech attractions, sometimes known as "dark rides."

Disneyland and Universal are renowned for these types of rides, and Disney's recent Star Wars: Rise of the Resistance is consistently ranked by theme park guides as one of the finest, if not the finest, in the U.S.

The ride, which can require wait times of as much as four hours, is engineered to give customers the impression that their vehicle isn't following a set track. Universal Studios' rival to Rise of the Resistance, Mario Kart: Bowser's Challenge, combines the ride's physical technology with virtual reality to put riders in their own Mario Kart race. Opened as part of its new Nintendo World, Mario Kart is creating lines as long as Rise of the Resistance. It's so popular that the Universal express pass to bypass lines doesn't include the ride as an option.

Given this competition, Magic Mountain consistently has the most up-to-date, high tech versions of dark rides. Its version of the interactive dark ride—Justice League: Battle for Metropolis—is more elaborate than versions of the same ride at Six Flags' St. Louis and Atlanta parks because it competes with Disney and Universal.

However, like many Six Flags parks, Magic Mountain hasn't sufficiently invested in upkeep, according to some industry observers and online customer comments. Parkgoers have [complained](#) of rides failing to look pristine and a lack of shade that offers respite from the California sun. By contrast, according to [blog posts](#) and message boards, Disneyland and Cedar Fair invest in cleaning their parks.

John Gregory, founder and editor of the online trade publication Theme Park Tribune, said these kinds of complaints, which have dogged Six Flags parks throughout much of their history, haven't helped the company's reputation in the pandemic's aftermath. "Six Flags is seen as kitschier, with less character and less emphasis on quality operations and cleanliness," he said. "In general, the perception is that they're a lower-tier experience than Cedar Fair."

Events are another driver of theme park competition in Southern California, particularly those related to Halloween. Knott's Berry Farm set the standard for this in the 1970s, when it introduced Knott's Scary Farm, a Halloween makeover for the whole park that lasts throughout October.

The event was so popular that parks around the country began copying it: Six Flags Magic Mountain introduced its first Fright Fest in 1993, and Universal Studios brought its popular Halloween Horror Night from its park in Florida to Hollywood in 1997.

Universal is the closest competitor to Knott's for Halloween, as both have sought to find ways to make their events scarier. Universal owns the intellectual property from its famous monster movies and has partnered with other production companies to create mazes based on television franchises such as *Stranger Things* and *The Last of Us*.

Knott's relies on the creativity of its team to produce "scare zones" with themes like 2023's "The Gor-ing 20s," decked out in Prohibition-era garb. Last year it challenged Universal with a slasher-themed scare zone that received raves from critics and parkgoers alike.

SeaWorld and Legoland, located further from Los Angeles, compete with each other directly more than they do with their other Southern California rivals. In 2017, SeaWorld launched the Submarine Quest ride aimed at teaching children about marine life. Legoland [announced](#) it would open its own submarine ride the following year.

Legoland's ride was the better received of the two, and SeaWorld's attraction [closed](#) in 2018. SeaWorld also uses its proximity to the world-famous San Diego Zoo by selling a ticket bundle that includes zoo admission. Legoland doesn't sell a bundle like this directly; visitors can only obtain such a deal through third parties.