

Theme Park



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Year 6 Project Pack: Theme Park

During this project, you will:

Develop your problem-solving and thinking skills.

Make decisions and choices.

Strengthen your ability to work collaboratively within a team.

Use a range of mathematical and literacy skills.

Have fun!



Lesson 4: Making a Profit

Building work is now nearly finished and it's time to start making some big business decisions on your 'pricing structure' (the entry prices that you want to charge).

Now you know how much it will cost to run your park each week, you need to work out how much to charge your customers to enable you to make a profit.



It's time to do some more calculations...

Target Market

What kind of market is your theme park targeted at?

Do you expect most of your customers to be adults?

Do you think your theme park will attract people of all ages and families?

Is your park more suitable for younger children and their parents?



These factors will influence how much you charge your customers. You also need to think about your running costs.

Working Out a Pricing Structure

Think about your last task.

How much does it cost you to run your park for a week?

How would you work out your daily running costs?

You need to complete the Working Out Entrance Fees Activity Sheet and make some decisions about how much you'll charge your customers for park entry.

- Will you have one fixed price for everyone?
- Will children pay cheaper admission fees? At what age will a child be classed as an adult?

Working Out Entrance Fees
How much are you going to charge your customers to make a profit?

1 How much does it cost to open your park each day (daily running cost)? _____ (your weekly running cost ÷ 7)

After researching similar theme parks, we predict that for your first few weeks of trading, a sensible estimate for the number of daily visitors would be 750 people. Let's work out how much each potential customer needs to pay to just cover your running costs:

Daily running cost _____ ÷ 750 (estimated daily visitors) = _____

How many adults and children do you predict will visit each day?

Estimated Adult Customers	
Estimated Child Customers	

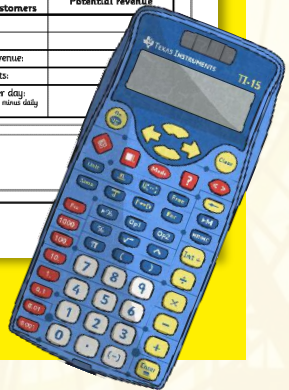
2 Now try out some potential entrance fees.

Potential entrance fee 1	Number of predicted adult/child customers	Potential revenue
Cost per adult: _____		
Cost per child: _____		
Total potential revenue:		
Daily running costs:		
Potential profit per day: (Total potential revenue minus daily running costs)		

Potential entrance fee 2	Number of predicted adult/child customers	Potential revenue
Cost per adult: _____		
Cost per child: _____		
Total potential revenue:		
Daily running costs:		
Potential profit per day: (Total potential revenue minus daily running costs)		

3 Final Entrance Fee Decision:

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Estimated Customers

After researching similar theme parks, we predict that for your first few weeks of trading, a sensible estimate for the number of daily visitors would be 750 people. Add this figure to your sheet.

Let's work out how much each potential customer needs to pay just to cover your running costs.

Daily running cost _____ $\div$ 750 = _____

So do we just charge your customers this price?



No! Your business needs to make a profit!

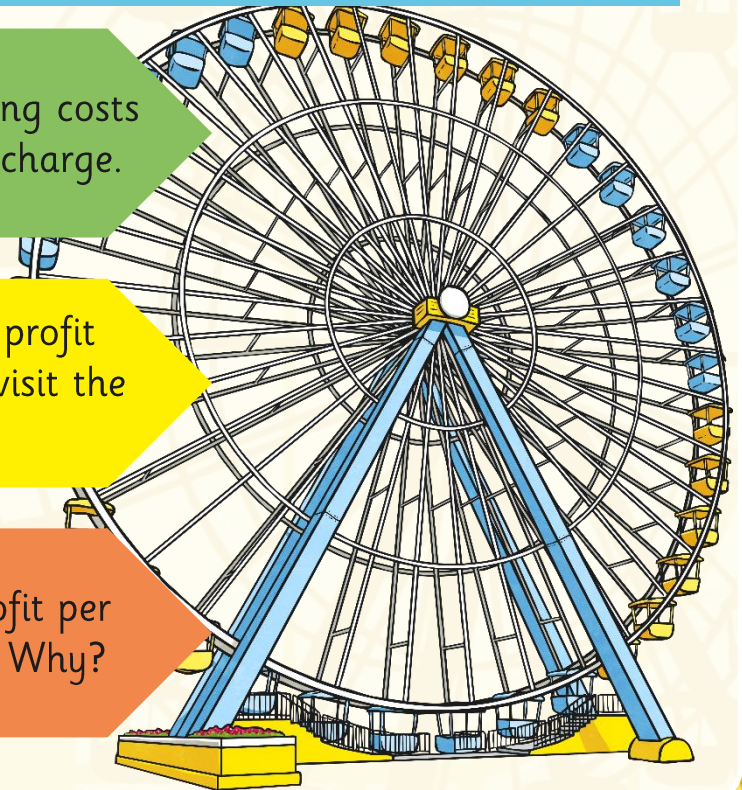
Profit Margins

The prices you charge your customers should earn you enough money to cover your running costs, but then any income made over and above that is called a **profit**.

A **profit margin** is the difference between the running costs that need covering (per customer) and the price you charge.

A **narrow profit margin** would give you a smaller profit per customer but potentially attract more people to visit the theme park. Why?

A **wider profit margin** would give you a larger profit per customer but may potentially put people off visiting. Why?



Competitors' Prices

Let's look at the prices other similar theme parks charge.

Who do you think their target customers are?

Grayton Manor

£29 per adult and child aged 12+

£21 per child (4-11)

Under 4s free

Kid's Kingdom

£19 per adult

£16 per child (2-6 years)

Under 2s free

Adrenaline World

£38 per adult and child aged 12+

£12 per child (0-11)

Many of our rides are not suitable for younger children.

Potential Profits

Now it's time to try out some potential entrance fee scenarios to see which one would give you the best profit.

Don't get too greedy – potential customers may not visit if prices are too high! Also, customers may not return if they do not get good value for money on their first visit.

Try out three different pricing structures on your sheets.

Then, make a final business decision about what you will charge.

All members of your group must agree.

Working Out Entrance Fees
How much are you going to charge your customers to make a profit?

1 How much does it cost to open your park each day?
(Daily running cost) _____ (your weekly running cost = 7)

After researching similar theme parks, we predict that for your first few weeks of trading, a sensible estimate for the number of daily visitors would be 750 people.
Let's work out how much each potential customer needs to pay to just cover your running costs:

Daily running cost _____ ÷ 750
(estimated daily visitors) = _____

How many adults and children do you predict will visit each day?

Estimated Adult Customers	
Estimated Child Customers	

2 Now try out some potential entrance fees.

Potential entrance fee 1	Number of predicted adult/child customers	Potential revenue
Cost per adult _____		
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3 Final Entrance Fee Decision:

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Estimating Types of Customers

Discuss with your business partners:

How many of the 750 predicted customers will be adults and how many children?

Are you targeting your theme park mainly at thrill-seeking adults with lots of thrill-seeker rides? If so, maybe a sensible customer prediction would be 700 adults and 50 children.

Or is your theme park mainly for children? So maybe there will be an equal number of adults and children (as children will have to come with a parent or guardian). So 375 adults and 375 children?

Discuss your predicted customer numbers and mark them on your sheet.

Reflection

What is the target market for your theme park?

How many adults and children do you predict will visit each day?

What are you going to charge adults and children to enter?

What daily profit will this give you?

Is this a realistic amount to charge? Is it too greedy?
How does it compare to your competitors prices?



