

Merlin's Magic

Merlin Entertainments Group is bringing Madame Tussauds, LEGOLAND, aquariums and more to retail centers that have a leisure focus.

Jaime Lackey

Merlin Entertainments Group has been expanding rapidly in Europe during the last 10 years, and the company became the world's second largest operator of visitor attractions (after Disney) when it acquired The Tussauds Group from Dubai International Capital LLC in 2007. Now the company is poised to expand its presence in the U.S. — and it is looking at locations in major metropolitan markets as well as tourism-driven secondary markets.

The company, which is based in the United Kingdom, has 52 attractions in 12 countries. Approximately 32 million people visit the company's attractions each year, with roughly half of the visitors attending the nine outdoor theme parks and half of those going to the 43 indoor attractions.

According to Johannes Mock, director of site selection worldwide for Merlin Entertainments Group, the company is interested in locating its concepts in top-tier retail centers as well as introducing its indoor brand components to its larger outdoor theme parks.

"We have an aggressive growth plan," says Mock, who is based in the company's Hamburg, Germany, office. "We plan to open five new attractions worldwide each year. There is hardly anyone in the leisure industry expanding at this rate."

Mock expects to open two or three locations annually in North America. U.S. venues in the works include a LEGOLAND Discovery Centre in Schaumburg, Illinois; the Pepsi Globe at Meadowlands Xanadu in East Rutherford, New Jersey; a Sea Life Centre in Carlsbad, California; and a Madame Tussauds in Hollywood, California. The company is also finalizing negotiations to open LEGOLAND Discovery Centres at Xanadu and at The Mall of America in Bloomington, Minnesota.

"All of our brands are established brands with good reputations," says



A rendering of The Pepsi Globe at Meadowlands Xanadu, which will be 287 feet tall and will offer views of Manhattan and the Hudson River. The Pepsi Globe will be the tallest observation wheel in the U.S.

Mock. He notes that the brands attract high quality customers who are enjoying leisure time with their families.

"Merlin Entertainments Group has a phenomenal operating history and really understands its concepts and finding the most suitable locations," says Howard Samuels, president of Los Angeles-based Samuels & Company. He is representing Merlin in its North American expansion.

According to Samuels, the authenticity of Merlin's brands brings something special to a retail center. "These concepts can really distinguish a center in a crowded marketplace," he says. "They further the sense of place and are a perfect complement to leisure activities, entertainment venues and great restaurants."

"Each location is a unique product designed for that specific site," Mock notes. "The brand is global but the product is local."

For example, the heart of each LEGO-

LAND Discovery Centre is a Miniland that depicts the skyline of the closest major city — built in LEGO bricks, of course. The Schaumburg Miniland will feature the Chicago skyline. Also featured: a hall of fame featuring LEGO statues of famous local celebrities; a train ride through a medieval castle featuring animated LEGO figures, like a dragon; an adventure trail with a jungle theme that features animated animals such as parrots and tigers. The LEGOLAND Discovery Centers also feature a Build & Test area where visitors can build LEGO cars to race or LEGO skyscrapers that are tested on a vibrating platform that simulates an earthquake and a 4-D cinema, which seats up to 100 people, features 10- to 12-minute movies using stop motion animation of LEGO creations and includes effects like wind blowing in the theater. Professor Brick also takes visitors on a factory tour, where they learn about the production line and kids get

souvenir bricks imprinted with the date of their visit. A LEGO merchandise shop completes the concept.

LEGOLAND Discovery Centres target families with children ages 3 to 12. (They have an area featuring larger DUPLO bricks for the youngest visitors.) The centers have a strong focus on education. In addition to the hands-on learning in the Build & Test areas, visitors are provided the opportunity to learn about the various animals along the adventure trail and to learn about local history through the hall of fame.

The Schaumburg LEGOLAND Discovery Centre will be located at the 630,000-square-foot Streets of Woodfield. The two-story, 35,000-square-foot venue will open in August. "The Schaumburg location is ideal," says Samuels. "It is in a great lifestyle center next to a popular mall, and it has high visibility."

Merlin is looking to open one LEGOLAND Discovery Centre per major MSA and is seeking locations in lifestyle centers with strong co-tenants, good parking and good visibility.

Sea Life Centres are developed around a story-telling experience. At the start of the aquarium tour, visitors are introduced to a local river and they follow this river through the local habitats to the ocean. Visitors see the creatures — ranging from sea horses to sharks — under the water and they see the corresponding city skyline. At the end of the tour, there is an ocean tank with an underwater tunnel. In Carlsbad, the tour will begin with the stream in the Sierra Nevada Mountains.

The tour follows the stream over to Lake Tahoe, the San Francisco Bay, the California Pacific Coast and ends with the Pacific Ocean near Mexico in an accurate depiction of local aquatic paths.

Visitors learn about the network of water, Mock says. "They understand that whether they are in California or Kentucky, their impact on the ocean is the same."

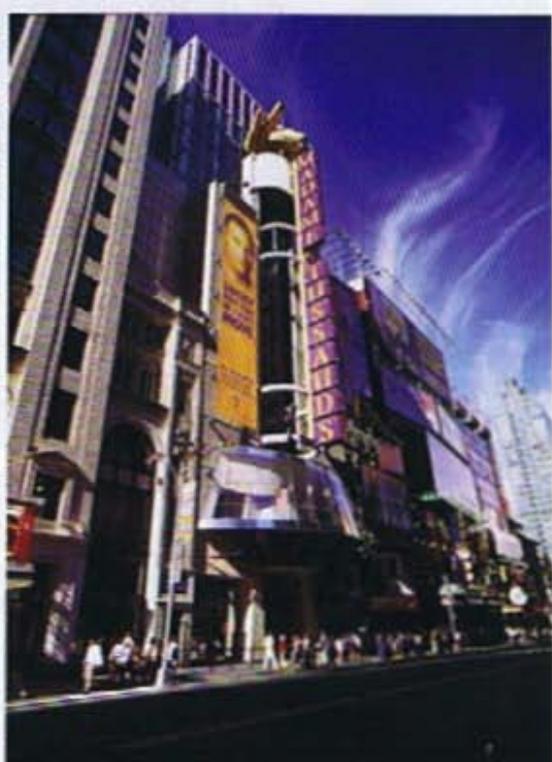
"There is a strong local adaptation of our product," Mock stresses. This creates a sense of ownership in the community and increases the value to schools. The educational aspect also creates value to landlords, he notes.

Each Sea Life Centre also includes a cafeteria and a merchandise shop.

There are currently 23 Sea Life Centres in 10 countries.

This is the largest chain of aquariums in the world. In Carlsbad, just north of San Diego, Merlin is building a 26,000-square-foot Sea Life Centre to open in July. It is adjacent to the company's 125-acre LEGOLAND theme park.

Sea Life Centres, which range from 25,000 square feet to 40,000 square feet, attract a wide range of visitors. The target audience is families with children ages 4 to 14. But many elderly visitors enjoy the concept, as do student groups and teens, Mock says.



Madame Tussauds in New York City.

While it isn't necessary, Mock says that the company prefers to locate the Sea Life Centres near a body of water: a channel, a lake, a pond or the ocean.

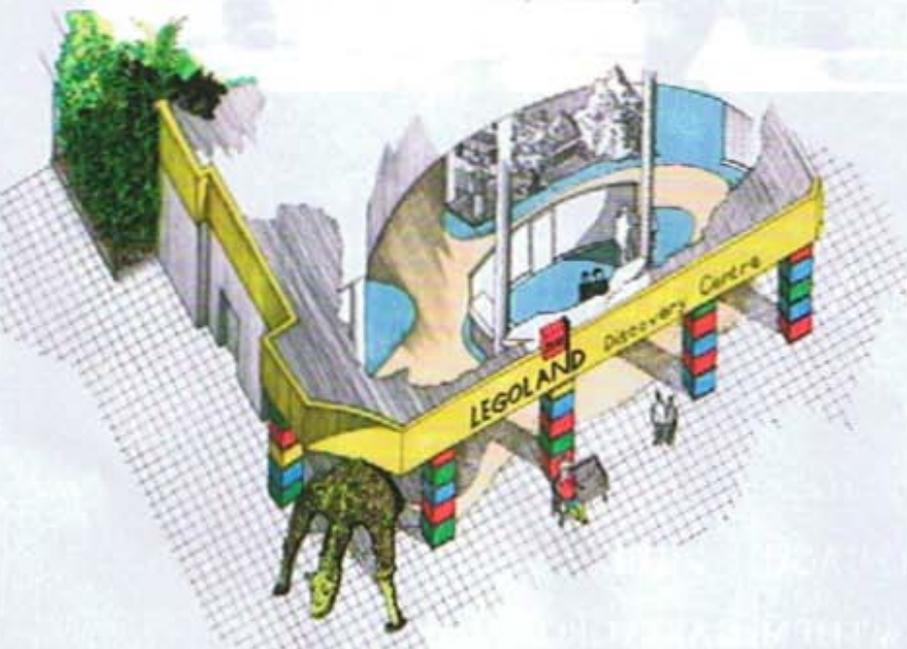
Merlin is looking to open Sea Life Centres in markets that do not have comparable aquariums. The Carlsbad location is near the San Diego SeaWorld, but it is a different product entirely, says Mock. It is not comparable in presentation, size or length of stay.

Merlin Entertainments Group also owns the Madame Tussauds brand, which displays "wax figures so life-like you can't tell the difference. You get the feeling they might jump at you," says Mock.

He adds, "Madame Tussauds is the oldest brand in visitor attractions worldwide." The current London location was established in 1884, and records indicate that Madame Tussaud first began displaying her wax figures in the early 19th century.

Each location features wax figures of local and international celebrities, politicians and other famous faces in history. There is an educational element in the presentation of historical information and biographies.

Many celebrities consider it a great honor to sit for a figure at Madame Tussauds and are on hand for the unveiling of the replica. For example, Beyoncé recently unveiled her look-alike in Washington, D.C.



A cutaway of a LEGOLAND location.

There are seven Madame Tussauds locations worldwide. U.S. locations include New York City, Las Vegas and Washington, D.C. (which opened in October 2007). A fourth U.S. location is slated to open in Hollywood in spring 2009.

Madame Tussauds primarily attracts tourists, and therefore requires prominent locations in tourist-driven markets. The New York location is in Times Square; the Vegas location is on The Strip; the D.C. location is three blocks from the White House; and the Hollywood location is near Grauman's Chinese Theater and the Hollywood Walk of Fame. The sites range from 28,000 square feet to 40,000 square feet. Merlin seeks sites in cities that attract large numbers of tourists and that would bring at least 300,000 visitors to a Madame Tussauds each year.

Merlin is also opening the Pepsi Globe at Meadowlands Xanadu in November. Similar to The London Eye (which is the world's tallest observation wheel), the Pepsi Globe will be 287 feet tall and will offer views of Manhattan and the Hudson River. This will be the tallest observation wheel in the U.S., and it will offer a closed environment with four-side transparent capsules. Each capsule will hold 20 people, and the capsules will have heat and air-conditioning.

Mock admits that opportunities to open observation wheels will be limited. "There has to be something to see," he laughs. "But we are very interested to invest in projects like this."

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A mock-up of a typical LEGOLAND location.

Merlin also plans to bring The Dungeons to the U.S. in the future. Another concept based on storytelling, The Dungeons offers accurate historical information about dark periods in local history in a highly themed environment. For example, The Dungeons in London has sections about Jack the Ripper, the Great Fire of London, and the period of pestilence known as the Black Plague.

Professional actors help bring the history to life, and the concept is highly interactive. At The Dungeons in Hamburg, Germany, visitors learn about The Inquisition when they stand in front of the inquisitor to be charged and sent to the torture chamber. The Hamburg location also features a boat ride where visitors learn the story of the flood that devastated the city on Christmas Day in 1717.

"Every story is about real history, but it is presented in a fun way," Mock says.

"There is a dark humor aspect."

The Dungeons concept is appropriate for children 10 and older, and it is very popular with teens and young adults.

According to Mock, Merlin plans to bring The Dungeons to the U.S. after it has opened several of its other concepts. "An understanding of the local market is necessary to create The Dungeons," he says, noting that Chicago and New York are examples of U.S. cities that have sufficient histories to create successful locations.

Ideally, the company would like to find buildings that have historical significance. The company also requires the ability to create a strongly themed façade for The Dungeons locations.

For all of these concepts, Merlin seeks safe, high-quality environments with a strong leisure aspect. In general, Merlin is looking for 25,000- to 35,000-square-foot sites. As destination attractions, the concepts work in basement, second- or third-story spaces as long as the entrance is very accessible and highly visible.

Visitors typically stay 90 minutes to 3 hours at a Merlin attraction. The company tends to open in locations that will attract 300,000 to 500,000 visitors per year.

"Merlin is a long-term operator looking for sites that will enhance its brands," Samuels says. He notes that the response from developers and owners of lifestyle centers has been very positive. **SCB**



Merlin Entertainment Group is planning to open The Dungeons concept in select U.S. cities. The Dungeons highlight the darker moments of a city's history. Pictured is the Hamburg Dungeons in Hamburg, Germany, where visitors learn about The Inquisition when they stand in front of the inquisitor to be charged and sent to the torture chamber. The Hamburg location also features a boat ride where visitors learn the story of the flood that devastated the city on Christmas Day 1717.