

12 Predictions On the Future of Ski Resorts

By Jeff Coy and Bill Haralson

As we start Year 2005, here is our forecast on the future of ski resorts.

1. Ski resorts that continue to focus on traditional skiers, aging baby boomers, will falter as this market is dwindling. About 40 million skier visits annually for the last four years --- with no signs of growth.

2. Ski resort marketers that focus on young snowboarders will prosper. The young snowboarder market is growing and will sustain the ski resort industry into future years. Snowboarder visits to ski areas expanded 34.8% over the last four years.

3. Successful ski resort marketers will broaden their appeal to all ages. To survive, ski resort managers will widen their acceptance, expand recreation, provide more service, make lessons easier and create an environment of convenience and affordability for extended family gatherings.

4. Creating new facilities for snowboarders will be difficult for traditional ski resort owners. Older ski resort owners will want to get out of the business rather than try to understand the trinity of the boarding lifestyle. Younger members of family-owned & operated ski resorts will keep some businesses going.

5. More ski resort managers will focus on the boarding trinity: snow, concrete and water. Future customers consist of board riders who worship snow, concrete and water because they can ride on all three surfaces. Recently, some ski resort owners met with designers and consultants in the amusement industry to discuss new product innovations aimed at capturing the board riding market all year long.

6. New facilities at ski resorts will be both indoor and outdoor. Designers will focus on snowboarders, skateboarders and surf or wave boarders. Applications are both indoor and outdoor.

Boarders like to:	Facilities needed:
Snowboard	Outdoor ski hills in winter Indoor ski hills year round
Skateboard	Outdoor skateparks in summer Indoor skateparks year round
Surf or Waveboard	Outdoor wave parks in summer Indoor wave parks year round

7. More ski resorts will become four season resorts. To survive and prosper, ski resorts will reinvent themselves as different products in different seasons. Successful owners will adopt the four season strategy and capture year round revenues. What's

the four-season strategy? Here is it in a nutshell: (1) Expand winter recreation for multi-age visitors, (2) Expand summer recreation, (3) Expand spring and fall business with meetings & convention facilities, and (4) Follow the lead of three innovative ski resort owners: Sam Newman of Camelback Resort in Pennsylvania, Steve Kircher of Boyne Mountain in Michigan and Jerry Andres of Silver Mountain in Idaho.

8. Successful ski resorts will expand winter recreation for all ages. In addition to downhill skiing, most traditional ski resort owners offer only snowtubing, cross-country skiing and snowshoeing. Yet the list of possibilities is endless. The smarter operators will add more excitement, such as snowmobiling, sleigh rides, dog-sledding, paragliding, air boarding, heli-skiing, bobsledding, ice-climbing and orienteering.

9. More and more ski resorts will expand summer recreation. Most resorts are highly seasonal, which means they generate revenues for only about 100 days or less and have expenses for 365 days. The secret to financial success is to work toward becoming a four-season resort by adding recreation in the non-peak seasons. More ski resorts will add mountain biking trails for their guests in summer. Many ski resorts will add golf courses, hiking trails, scenic lift rides, ball courts, mountain bike lift service, fishing, horseback riding, mini-golf, disk golf and climbing walls --- to capture summer revenues. In 1998, ski resort owner Sam Newman transformed his winter resort into a summer outdoor waterpark with waterslides, an activity pool and a lazy river. It was the first time a ski resort ever made such a huge commitment (\$4.2 million initial investment) to attract the family market in the summertime. *Summer visitors now exceed winter visitors!*

10. Ski resort owners will increasingly consider adding indoor waterparks. Indoor waterparks attached to lodging are part of adopting the four-season resort strategy to capture revenues year round. Indoor waterparks at ski resorts will increase skier visits, hotel occupancy, room rates and total revenues --- especially during weekends and holidays all year long and everyday during the summer when kids are out of school. Steve Kircher is currently under construction with a 200-unit condo-hotel and a 58,000 sf indoor waterpark at Boyne Mountain Resort in northwestern Michigan. Steve's project is the first ski resort in the USA to build an indoor waterpark, which is expected to generate an additional \$9.9 million in total resort revenues. The Mountain Grand and its Avalanche Bay indoor waterpark will officially open on Memorial Day 2005. More ski resort owners will follow Steve's lead.

11. Ski resort owners will increasingly consider building condo-hotels. Not only does adding an indoor waterpark build resort revenues, *condominiumizing* the hotel units raises equity for the developer and increases the chances for success. By pre-selling the hotel units to individual condo owners, the resort developer reduces his equity requirement and finds it easier to obtain his construction loan for the project. Often, these hotel units are rented as suites on a nightly basis to resort guests. More and more ski resorts will be building condo-hotels with indoor waterparks. In May 2004, Jerry Andres pre-sold 68-condo units within a 3-day period in Gondola Village at the

base of Silver Mountain Resort in Kellogg, Idaho. Construction will start soon on another 200-unit hotel with indoor waterpark.

12. More ski resorts will attract spring & fall business with conference facilities.

After ski resort managers fill winter and summer capacities, there are still spring and fall seasons left to fill. More and more ski resort owners, who make the commitment to becoming a four-season resort, will focus on attracting meetings & conventions during the spring and fall. Indoor recreation facilities, including indoor waterparks, will add to the entertainment value of the resort and make it more attractive for spouses and children to attend the convention.

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