

# Expanding Horizons

## Ski Resorts Target Year-Round Revenues

BY JEFF COY & BILL HARALSON

Is the snow ski resort industry on its last legs? A few years ago, some people thought so. Ski resorts were focused on their traditional market—high-income baby boomers who weren't getting any younger. Ski areas had averaged about 40 million visits annually for the last four years, with no signs of real growth. Profits at the larger ski areas began to melt away, but smaller ski areas were prospering. Why?

The smaller ski areas were focusing on the youth market, where the fast-growing snowboarder segment rules. Snowboarder visits to ski areas expanded rapidly from 12.8 million in 2000 to 17 million in 2003, almost 33 percent growth over a four-year period.

As the segment has grown, it has also matured. Those early snowboarders are now approaching their mid- to late-30s. Snowboarding is now an Olympic sport and has become a mainstream sporting activity.

To grow their market even more, many ski resorts are also adding recreation options year-round, providing more service, and making lessons easier and more accessible, while creating an environment of convenience and affordability for extended family gatherings.

### Indoor/Outdoor Market

Creating facilities for the growing board market can be difficult unless you understand the trinity of the boarding lifestyle: snowboarding, skateboarding and surf/waveboarding. Board riders worship snow, concrete and water because they can ride on all three surfaces. Designers and consultants in the amusement industry are introducing many new product innovations aimed at capturing the board riding market year round. The applications for these activities are both outdoor and indoor.

While many ski resorts now welcome snowboarders on their ski



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Summer gondola rides at Colorado's Vail Resort can be enjoyed by all.

hills, owners have been slow to build the outdoor and indoor facilities that will attract snowboarders, skateboarders and surf/waveboarders all year long. In addition to indoor wave pools for surfers, ideas for resort owners to implement four-season fun are plentiful.

### Wider Market

"Many ski resort owners have expanded their winter activities and facilities in an attempt to attract more visitors," says Bruce Closser of Closser & Associates in Marquette, Mich. According to a survey he conducted of 138 U.S. ski resorts, 41 percent offer snow-tubing hills, 38 percent offer cross-country skiing and 36 percent offer snowshoeing. Only 15 percent of ski resorts provide sleigh rides, and 14 percent offer snowmobiling. After that, fewer than 10 percent of resorts offer expanded recreation, such as dogsledding, paragliding, air boarding, heli-skiing, bobsledding, ice-climbing and orienteering.

One exciting idea is to bring real snow indoors. Unlimited Snow, based in The Netherlands, creates indoor winter sports domes and indoor snow tracks for snowmobiling, dog sledding and cross-country skiing.

### Summer Fun

Since ski resorts generate revenue for only about 100 days but have expenses for 365 days, the secret to financial success is to become a four-season resort. Of the ski resorts surveyed, 46 percent provide mountain biking trails for their guests in summer. About 38 percent offer hiking, and 37 percent have golf courses. According to Closser & Associates, additional summer recreation offered by U.S. ski resorts includes scenic lift rides (33 percent), ball courts (28 percent), mountain bike lift service (22 percent), fishing (19 percent), horseback riding (16 percent), climbing walls (15 percent), disk golf (11 percent) and miniature golf (11 percent).



A water-covered slope from Creek Surfing Ltd. of Hungary allows use of normal snow skis and snowboards. Snowflex Centers uses artificial snow surfaces that allow outdoor snow skiing and snowboarding 365 days a year, anywhere, any climate. A few ski resort owners have been quick to expand summer revenues with waterslides, waterparks, alpine slides, bungee trampolines, summer camps, kayaking, canoeing, mountain scooters, ropes courses, wagon and carriage rides, and other activities. However, it's been the success of outdoor-indoor waterparks that grabs the headlines.

In 1998, resort owner Sam Newman transformed his winter resort into an 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 summer.

"Camelback Ski Resort was transformed into Camel Beach Waterpark over seven seasons with a \$12 million total investment," says Dave Kulis, who oversaw



Camel Beach in Pennsylvania has a Flowrider for summer boarding.

sales & marketing for the resort.

Additional attractions have been added regularly in phased expansions which have included a family rafting ride in 2000, a wave pool in 2001, a body and tubing bowl in 2002, a speed waterslide in 2003 and a racing slide complex in 2004. Prior to building its outdoor waterpark, Camelback Ski Resort drew 340,000 winter visitors and only 50,000 summer visitors. Today, Camelback attracts over 700,000 total visitors, and the ski resort now experiences a positive cash flow in summer. Kulis says margins are bigger in summer than winter due to the costs of snowmaking and

associated utility expenses.

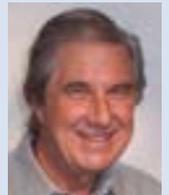
## Getting the Business

Another strategy is to seek group business. Corporate and association meeting executives tend to book in the spring and fall. They will come on weekdays. Adding meeting space is a simple way to facilitate room sales during low periods.

A true four-season resort must develop a unique marketing plan for each season in order to ensure year-round cash flow. **R+R**

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