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2009 International report on mountain tourism

Overview of the key industry figures for alpine resorts

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Laurent Vanat

Résumé

Si l'on compte près de 80 pays où se pratique le ski, et plusieurs milliers de champs de neige, les véritables stations de ski ne sont quelque 1'700 sur la planète. Le marché représente annuellement environ 400 millions de journées skieurs, chiffre resté stable sur les 10 dernières années en raison de la maturité, voire du déclin de certaines destinations.

42% des journées skieurs sont réalisées dans les Alpes, 22% en Amérique du Nord. Les plus grandes stations réalisent plus de 2 millions de journées-skieurs, mais leur nombre est très réduit. Dans la cour des grands, une cinquantaine de stations réalisent chacune plus d'un million de journées skieurs. 20% des stations réalisent 80% de l'activité. Les skieurs sont au nombre de cent millions environ dans le monde, les Alpes n'en abritant que 23% %.

Diverses destinations sont toutefois en train de connaître un développement significatif. Ainsi, même si elles n'attirent encore actuellement qu'une faible fraction de la clientèle, les destinations des pays de l'Est sont en train de s'équiper à un rythme soutenu, qui laisse entrevoir / préjuge de l'importance qu'ils pourront prendre dans le futur.

Dans le palmarès des principales nations en matière de ski, les USA sortent en tête du classement en termes de fréquentation, avec un immense réservoir de clientèle domestique. L'industrie a connu un très fort déclin au Japon, qui reste le pays comptant le plus de stations de ski. Ce marché semble pourtant actuellement prendre une impulsion nouvelle, s'ouvrant ä la clientèle étrangère. La France est le pays qui compte le plus de remontées mécaniques et enregistre le nombre de journées-skieurs le plus élevé d'Europe. Cette place est pourtant en train d'être convoitée par l'Autriche, qui accueille la plus forte proportion de skieurs étrangers. L'Italie et la Suisse sont des marchés très matures, où l'industrie doit faire preuve d'innovation pour éviter un déclin. Enfin, dernière des destinations couvertes en détail par ce rapport, le Canada connaît également les mêmes problèmes. Sa performance est toutefois remarquable au niveau de l'efficience de l'équipement des stations, puisque c'est le pays qui totalise le plus de journées-skieurs par installation.

Zusammenfassung

Es sind etwa 80 Länder, wo Skisport praktiziert wird, und mehrere Tausend Schneefelder. Doch sind die wirklichen Skistationen nur etwa 1'700 auf dem Planeten. Der Markt stellt jährlich ungefähr 400 Millionen Tage Skifahrertage dar. Diese Zahl ist stabil geblieben über die letzten zehn Jahren, in Betracht der Reife oder sogar des Niedergangs bestimmter Destinationen.

42% der Skifahrertage werden in den Alpen produziert und 22% in Nordamerika. Die größten Skistationen verfügen über mehr als 2 Millionen Skifahrertage, aber die Zahl dieser Stationen ist sehr begrenzt. Unter den Größten verwirklichen etwa fünfzig Stationen mehr als eine Million Skifahrertage. In der Regel verwirklichen 20% der Stationen 80% der Branchenaktivität. Die Anzahl Skifahrer sind ungefähr hundert Millionen in der Welt. Aus den Alpen kommen doch nur 23% % heraus, im Vergleich zu einer fast verdoppelten Anzahl Skifahrertage.

Verschiedene Destinationen sind allerdings dabei, eine bedeutende Entwicklung zu erfahren. Somit, selbst wenn diese momentan noch einen niedrigen Teil der Kunden anziehen, werden im Osten Skigebiete mit vielen Anlagen ausgebaut. Dieser anhaltende Rhythmus lässt voraussehen, welche Bedeutung diese in Zukunft einnehmen werden.

In der Hitparade der Hauptskidnationen kommen die USA an die Spitze der Klassierung. Was die Besucherzahl anbelangt, besteht diese hauptsächlich aus einer einheimischen Kundschaft. Japan hat einen sehr starken Niedergang gekannt, bleibt aber trotzdem das Land mit den meisten Skistationen. Dieser Markt scheint jedoch, momentan, einen neuen Impuls zu zeigen, mit der Eröffnung für ausländische Kundschaft. Frankreich ist das Land, das die meisten Seilbahnen zählt und größte Anzahl Skifahrertage Europa's registriert. Diese Stelle ist jedoch vom Österreich begehrt, die den stärksten Anteil ausländischer Skifahrer empfängt. Italien und die Schweiz sind sehr reife Märkte, wo die Industrie innovieren muss, um einen Niedergang zu vermeiden. Schlussendlich letzte Destination, die im Einzelnen durch diesen Bericht gedeckt ist, kennt Kanada ebenfalls dieselben Probleme. Seine Leistung ist allerdings bemerkenswert, insofern sie die beste Leistungsfähigkeit der Branche aufweist, was die Infrastruktur anbelangt. Das heißt, Kanada schafft der höchste Anzahl Skifahrer Tage pro Anlage.

Content

***Laurent Vanat** is an independent consultant and a general practitioner who can also quickly turn into a specialist. Holder of a master in commercial & industrial sciences of the University of Geneva, he has over 25 years of professional experience, as business consultant as well as senior executive involved in management positions. He has on the one hand experience of executive functions in the sales, financial and general management. On the other hand, he advises companies and organizations of all horizons and is well acquainted with numerous industries.*

Involved in the field of hospitality & leisure, he has followed closely for several years the ski areas industry. He publishes every year an overview of the market. This report examines in a broadly approach the European and World markets, in the search of new information. It thus enables to follow its evolution and furthermore to provide ideas to the operators. This overview, selectively distributed, was already appreciated by large organisations active in alpine tourism. One of its objectives is to feed the reflexion of the industry and to render the local actors sensitive to the evolutions and the new ideas.

In its search for information on the ski areas, he was quickly got sensitive to the issue of accounting skier visits and collection of statistical data. Noting the difficulty of consolidating this information for the Swiss market, he found a way of contributing to the industry by taking the initiative to try a systematic collection of the attendance data. For several consecutive years, this document has been an acknowledged reference for Switzerland. In order to analyse the competitive position of major players, upon invitation by the International Tourism Symposium, he extended the range of the search, in order to produce an overview of the key industry figures on a worldwide perspective.

Laurent Vanat

Introduction

By Gérald Imfeld
Inaugurating Chairman of International Tourism Symposium

As part of the Symposium's objective to focus on the economics of the tourism industry, a benchmark tool was developed to permit comparison on an international basis.

Our initial comparative analysis of the largest cable car companies took place in 2007, but the available data demonstrated the difficulty of reaching the quality standards required by the Symposium, and the publication of the results was therefore cancelled.

Based on these experiences the Symposium has decided to focus on an "overview of the key figures for Alpine Resorts, highlighting some of the country specific issues". Accordingly, operators of the Alpine Arc and North America have been invited to comment the results of their countries, live, during a Round Table. The impact of this approach conducted in liaison with Laurent Vanat Consulting, recommends going ahead in this direction. In fact, this corresponds better to the philosophy of the Symposium regarding exchanges on best practices.

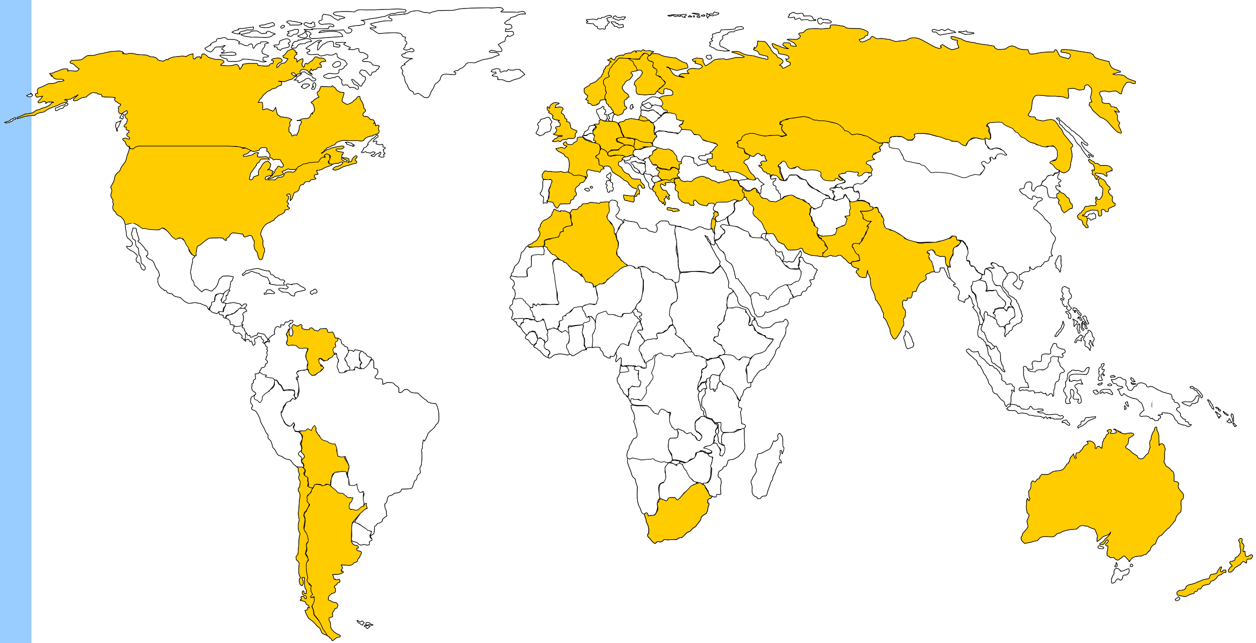
At the 12th International Tourism Symposium, which will take place at Chamonix Mont-Blanc, February 1-3, 2010 the current data will be expanded to cover North and Eastern Europe.

With regard to the size of the project, the Symposium will continue to examine the opportunities to create partnerships in order to develop a reliable platform for the main players of the tourism industry.

The world ski market

Participating countries

One considers that there are about 80 countries in the world where ski is practised. Even if the snow fields may be much more numerous[1], there are about 1 700 ski resorts worldwide[2]. Besides the obvious ski-countries, and the new developing ones, such as Eastern Europe and China, there are a number of more or less exotic destinations, spread over the globe: Algeria, Turkey, New Zealand, South Africa, Morocco, Lebanon, Cyprus, Lesotho, Israel, Greece, Iran, India, Bolivia …



The industry is offering about 6 million commercial beds in the mountains. These mostly concentrate in the “industrialised” ski markets, where high volumes of skier visits are achieved.

[1] Estimate is 4'000 to 6'000 places of ski practice
[2] A resort is considered as an organised ski area with more than four lifts

Market share in the worldwide skier visits

Although data collection about the industry is not always very well organised and the yearly achievements may vary according to weather conditions, the skier visits[3] totals a worldwide figure of about 400 million. The figure appears to have been quite steady over the last 10 years, as major mature markets experience a reduced growth, when not a decline as in Japan.

The importance of the major destinations is showed in the pie chart below. Clearly, the Alps are the biggest ski destination in the world, capturing 42% of the skier visits. The second biggest destination is North America, counting for 22% of skier visits worldwide.

Asia used to present a market share the size of North America. However, the continuous decline of the industry in Japan has still not been compensated by the development of the practice of ski in South Korea and China. On the longer term, some further countries as India and Pakistan may join those and contribute to increase the weight of Asia in the international spread of skier visits.

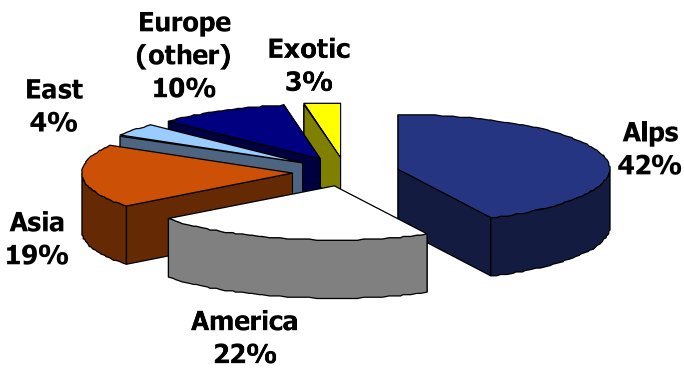


Figure 1 : repartition of skier visits worldwide

Northern Europe and the European non alpine countries also attract 10% of the market, event if this attendance is spread over a great number of small resorts.

[3] Skier visits are defined by the NSAA as representing one person visiting a ski area for all or any part of a day or night for the purpose of skiing, snowboarding, or other downhill sliding. Skier visits include full-day, half-day, night, complimentary, adult, child, season pass and any other type of ticket that gives a skier/snowboarder the use of an area's facilities. This definition is quite widely accepted and used, even if there are some slight nuances in practice.

World's biggest resorts

The biggest ski resorts in the world reach over 2 mio skier visits a year. There are however very few: La Plagne, SkiWelt Wilder Kaiser-Brixental, Les Arcs, Whistler Blackcomb, Courchevel-Méribel-Mottaret and Saalbach Hinterglemm Leogang are among the only ones. About 50 resorts account more than 1 mio skier visits. The chart below gives an overview of some major resorts in the main participating countries.

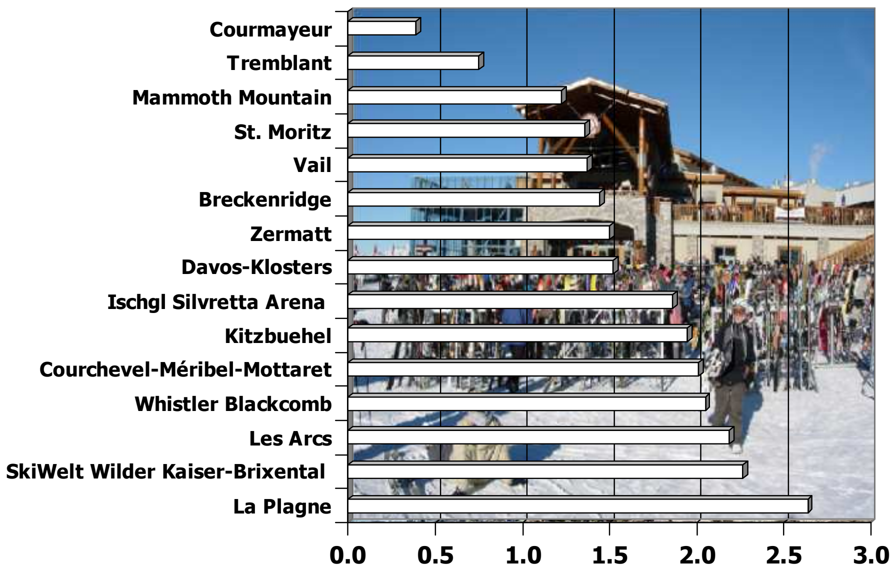


Figure 2 : 2007/08 sample of skier visits (mio)

Most of the industry is concentrated on the resorts producing more than 100 000 skier visits a year. Even if they only account for 20% of the resorts, they produce 80% of the skier visits.

Skiers per country of origin

Some concern has already been expressed about the poor knowledge of the customer base by many lift operators. The following table has been tentatively set up, derived from the attendance in the various countries and the practice rate of the nationals. It aims at consolidating a worldwide figure of the number of skiers. It must however be stressed that the number of days of practice per potential skier may vary importantly from one country to the other.

Although some countries have anecdotic ski areas, they have not all been included in the estimate hereunder, leaving a few thousands more skiers unaccounted.

Country	Region	Inhabitants[4]	Proportion of skiers[5]	Skiers
United States	America	303'824'640	5,0%	15'191'232
Japan	Asia	127'288'416	11,0%	14'001'726
Germany	Europe	82'369'552	15,0%	12'355'433
France	Alps	64'057'792	19,0%	12'170'980
United Kingdom	Europe	60'943'912	17,0%	10'360'465
China	Asia	1'330'044'544	0,5%	6'650'223
Italy	Alps	58'145'320	10,0%	5'814'532
Canada	America	33'212'696	15,0%	4'981'904
Austria	Alps	8'205'533	40,0%	3'282'213
Switzerland	Alps	7'581'520	37,0%	2'805'162
Korea, South	Asia	48'379'392	5,0%	2'418'970
Spain	Europe	40'491'052	5,0%	2'024'553
Russia	East	140'702'096	1,0%	1'407'021
Sweden	Europe	9'045'389	15,0%	1'356'808
Netherlands	Europe	16'645'313	7,5%	1'248'398
India	Asia	1'147'995'904	0,1%	1'147'996
Mexico	America	109'955'400	1,0%	1'099'554
Pakistan	Asia	172'800'048	0,5%	864'000
Finland	Europe	5'244'749	15,0%	786'712
Belgium	Europe	10'403'951	7,0%	728'277
Turkey	Asia	71'892'808	1,0%	718'928
Norway	Europe	4'644'457	15,0%	696'669
Iran	East	65'875'224	1,0%	658'752
Slovakia	East	5'455'407	10,0%	545'541
Australia	Various	21'007'310	2,0%	420'146
Poland	East	38'500'696	1,0%	385'007
Denmark	Europe	5'484'723	5,0%	274'236
Bulgaria	East	7'262'675	3,0%	217'880
Ireland	Europe	4'156'119	5,0%	207'806
Argentina	America	40'482'000	0,5%	202'410
Slovenia	East	2'007'711	10,0%	200'771
Morocco	Various	34'343'220	0,5%	171'716
Romania	East	22'246'862	0,5%	111'234
Czech Republic	East	10'220'911	1,0%	102'209
Hungary	East	9'930'915	1,0%	99'309
Chile	America	16'454'143	0,5%	82'271
Total		**4'137'302'400**		**105'791'045**

[4] CIA 2008 Yearbook
[5] Estimates of the author, based on a compilation of various sources and assumptions

The regional reparation of skiers is showed in following chart.

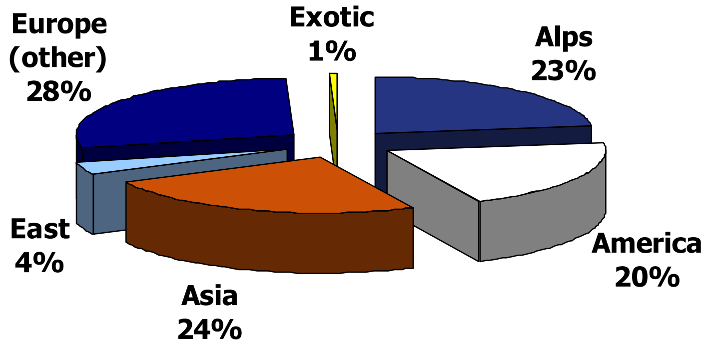


Figure 3 : repartition of skiers by region

Future trends in market shares

A look at the recent deliveries of new lifts by one of the major supplier reveals some players of growing importance:

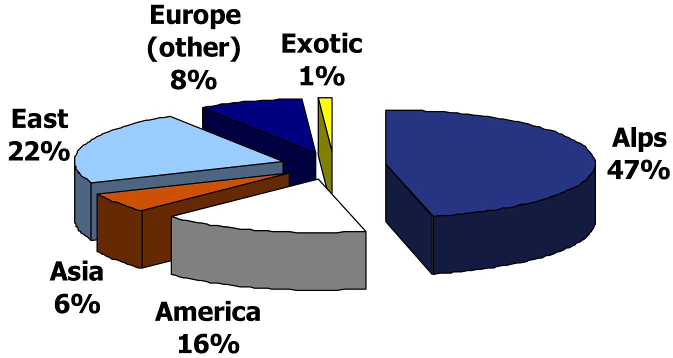


Figure 4 : Repartition of new lifts deliveries

The heavy share of the Alps in the worldwide market is clearly emphasised in the above chart. This region still shows a high commitment to new investments in its ski areas. It is clearly the region with the heaviest infrastructure and the needs for renewals are steady, even if the tendency is to decrease the number of lifts per resort.

Not surprisingly, the share of America is lower than its share of the skiers market, as the industry is there a bit less capital intensive in term of lifts as it is in Europe.

The major revelation of the above chart is however the increasing importance of the weight of the Eastern Countries in the industry. When they represent only 4% of the market in terms of skier visits, these countries reach a 22% share in the investments in new lifts. This predict of the future importance of this destination, which will mostly compete with the Alps, beside the growing domestic demand of these markets. Austrian, French, Italian and Swiss operators have to be careful to these developments and changes in the spread of the skiers market. However, it can also be seen as an opportunity, if this development generates a demand of new eastern participants, who may then want to experience ski in the Alps.

Report Round Table ITS 2009: Insights and recommendations based on data of the last season.

By Thomas Bieger, and Thomas Riklin, University of St. Gallen

On the occasion of the 11th International Tourism Symposium in Zermatt, high-ranked experts of the mountain railway industry looked back on a successful season 2007/2008. The slight growth of the ski industry was discussed, especially under the consideration of actual questions and trends. New approaches have been revealed.

Challenges for the future - Growth models for the future

The ski industry has to develop new growth models to be prepared for the future. In this context the socio-demographical development plays a key role. The customer segment of the so called baby-boomers will only be a driver for the next 10 years. The dependence on this target group, which is important for the whole industry, has therefore to be questioned. The question hereby is how to hold this traditional target group for as long as possible, or rather how to react on the changing customer needs. Further one has to ask how to acquire non skiers for the ski sport. Today's experiences from the USA prove that unfortunately only 60% of all beginners can be won for the ski sport after their first experience.
Due to the socio-demographical changes a new customer orientation is elementary. A stronger focus on customer loyalty is therefore necessary. The same tendency indicates also the increasing importance of word of mouth in the community as well as inside the family. Annually 400 million skier visits were generated

worldwide, but unfortunately they are still predominantly recruited out of the classic, white ethnic group. A stronger attention towards the potential of ethnical minorities is urgently necessary. In the Canadian metropolis Toronto for example about 50% of the people do not have a ski tradition anymore. The same counts for the USA as well. A huge potential, which only can be exploited with offers matching the corresponding customer group.

How to react on these trends?

The changing socio-demographical environment forces the industry to acquire new customers as well as to strengthen the loyalty of existing customers. All the experts therefore agree that new, innovative programs have to be elaborated, for example to facilitate the access to ski sports for kids. In the Swiss city of Winterthur for example, 70 % of today's pupils do not ski anymore. Canadian ski resorts try to enthusiasm kids for skiing by visiting schools. Also in the USA, a lot has been invested in specific kids-programs. But regrettably with very modest success. In general three core areas are elementary for the future: Stronger product differentiation, expansion of infrastructure and orientation towards children. Customer needs partly changed in the last years. Tourism suppliers will be forced to realign stronger on the target groups and to adjust their offers. Hence, ski destinations have to position themselves clearly on the market. Therefore it could be reasonable for some ski resorts to focus on families with children (e.g. Serfaus-Fiss-Ladis, Austria), to adjust themselves to the specific needs of freeriders (e.g. Disentis, Switzerland) or to create new offers for an urban, ethnically mixed target group in the niche.

In today's market situation a simple product development is thereby incomplete. The communication towards the customer has to be explicit and differentiated from the competitors. For the Swiss market this implies that a simple communication, for example based on the "Swissness", is not sufficient anymore. It is getting more and more important to communicate a unique brand message. Unfortunately, there are too many brands on the market. It is almost impossible for the customer to distinguish them.

The last discussion point of the round table was dedicated to the prices. While in Middle Europe the price for a one day ski pass is between 45 and 75 CHF, the price for a one day ski pass in North American ski resorts is about 90 USD. The reasons have to be looked at in a differentiated way. In the US, the price also creates value. An adequately communicated price can also signal quality and value to the customer. Some ski resorts even feel proud to set the prices higher than their competitors. The justification for these prices cannot be founded on the simple sport offer anymore, but rather on the components of social benefits. Skiing therefore is not only sold as a sport, but much more as lifestyle product.

Participants : Chairman : Laurent VANAT, Founder and Principal Consultant LV Consulting, Oliver FRITZ, Senior economist, Österreichisches Institut für Wirtschaftsforschung, Michel ARCHAMBAULT, Transat Chair in Tourism, University of Quebec, Laurent REYNAUD Director, Syndicat National des Téléphériques de France, Fulvio SARTORI, Vice Director of the Swiss Cable Car Association, Dave RILEY, President and CEO, Telluride Skis & Golf Resort, Colorado.

Review of the major players

Comparative key figures

Although some definition may vary from one country to another, the following table summarises some of the key comparative figures for the industry.

Country	Austria	Canada	France	Italy	Japan	Switzer-land	USA
Number of ski areas[6]	260	248	360	260	**500**	240	481
Resorts >1 mio skier visits	12	1	**14**	5	0	7	7
Number of lifts	3'313	888	**4'242**	2'583	3'108	2'284	3'122
Skier visits (mio)[7]	50	19	54	27	52	28	**58**
Skier visits/lift	15'092	**21'396**	12'494	10'453	16'731	12'259	18'578
Population (mio)	8	33	64	58	127	8	**304**
Ranking in world tourism[8]	9	12	**1**	5	30	19	3
Arrivals of international tourists (mio)	20	18	**79**	41	7	11	51
Proportion of foreign skiers	**66%**	20%	28%	15%	3%	50%	6%
Skier visits / inhabitant[9]	**2,1**	0,5	0,6	0,4	0,4	1,8	0,2
Skier visits / foreign visitor[10]	**1,6**	0,2	0,2	0,1	0,2	1,2	0,1

Source : compilation of numerous reports and estimates

The number of skier visits per lift is higher in USA and Canada than in the other countries, showing the difference in the business model from Europe, where a big emphasis is placed on the lift mechanics and sophisticated infrastructure.

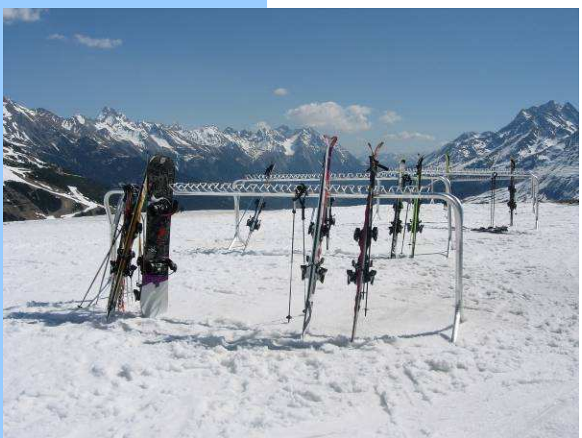
[6] The number of ski areas includes some very small ones, for instance in France, only 233 areas have more than 4 lifts and concentrate most of the activity
[7] Average 5 last seasons
[8] Based on arrivals of international tourists (WTO)
[9] Ratio of the domestic skier visits divided by the population.
[10] Ratio of the skier visits of foreign visitors divided by the total number of foreign visitors.

Austria is showing a record proportion of foreign skier visits, and the ratio of skier visits per inhabitant and per foreign visitor are the highest, with respectively 2,1 and 1,6 visits, clearly showing the importance of the winter tourism. The ski really seems to have been exploited as the country USP.

Although with Whistler Blackcomb, it hosts one of the biggest, Canada accounts few very big resorts. The average is less than 4 lifts per ski area. However, the country manages to achieve the highest figure of skier visits per lifts.

France is the country number one in arrivals of international tourists, in number of lifts and is showing the largest figure of big resorts, with 14 ski areas reaching over 1 mio annual skier visits. However, the percentage of foreign skiers is relatively low in this regard, comparing with Austrian and Swiss competitors.

Italy shows an amount of ski areas, lifts and attendance level similar to Switzerland, but much less foreign visitors, with the lowest figure for Europe. Although the industry is poorly documented at national level, estimates show a decline in the attendance of Italian ski areas.



Even if Switzerland is ranked 19th in world tourism based on the arrivals, the country arrives on 5th position worldwide in terms of skier visits. Obviously, the ski manages to attract a good proportion of foreign visitors. Ski is also well practised by inhabitants, but growth is an issue.

USA is the biggest single market in the top ski countries, with more than 300 mio inhabitants. The industry is merely relying on domestic visits. Its big population base enables the country to rank number one in terms of skier visits, event if the participation rate is quite low and is not mechanically increased by the growth of the population (1,2% average annual growth in population since the 1970’s, but only 0,66% average annual increase in skier visits).

Turnover data are only available at country level for Austria, France and Switzerland. They show the following evolution:

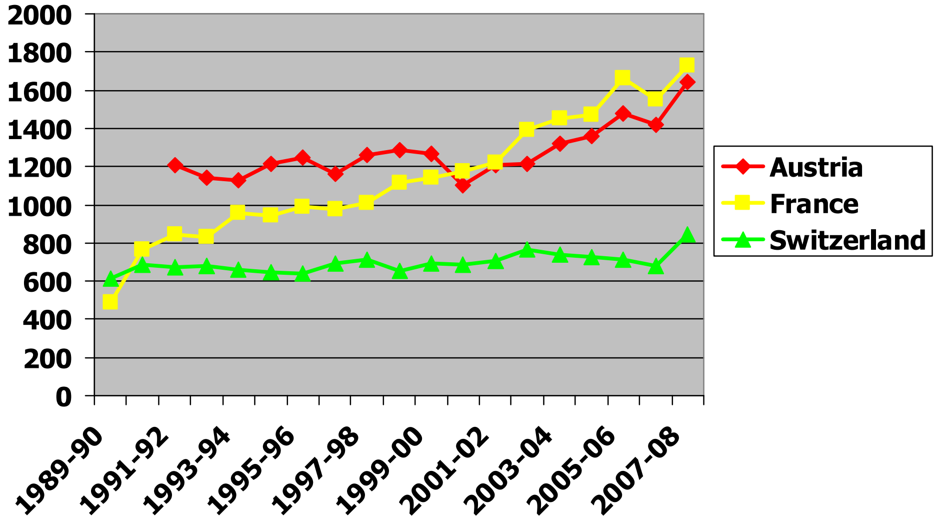


Figure 5 : Evolution of total lift tickets turnover (mio CHF)

Austria and France are the only countries that still experience a continuous significant growth in attendance, which is also reflected in the evolution of the turnover. The other major participants are at a mature stage and, like Switzerland, only show a limited variation in the revenues.

Austria

Austria is experiencing a continuous growth of the skier visits over the years. With an average yearly increase of 3,8% since beginning of the century, the country has reached the level of France during the 2007/08 season.

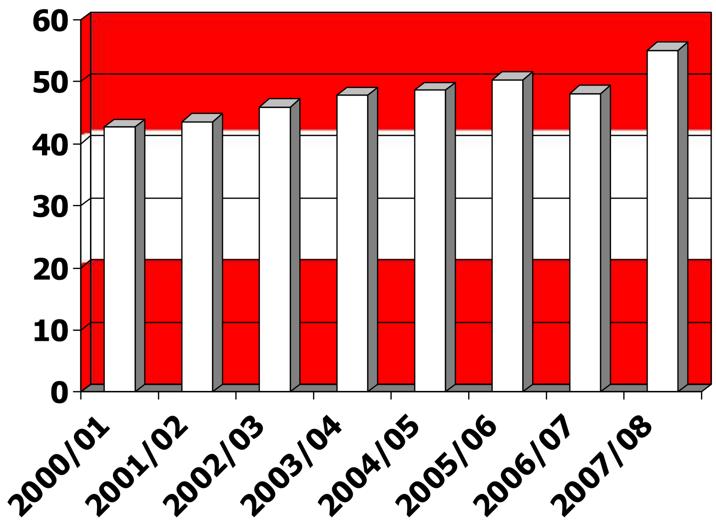


Figure 6 : Austria, evolution of skier visits (mio)

The Austrian operators have been massively investing over the last years, showing the most updated lift infrastructure of the industry. To some extend, or measured to other countries standards, the infrastructure in some places even tend to be luxurious, with equipments such as detachable 8 chairlifts with heating seats, bubbles and underground parking. By the way, the economic sustainability of such a high level of investment is still difficult to demonstrate, when more than 50% of revenues are reinvested.

For the observer, there is a quite high level of individuality of ski resorts and the business model of the alpine villages shows some particularities. Austria is the European country with the largest accommodation offer in hotels. As most of these hotels are family-owned[11], they still have a very conservative approach to marketing, but benefit from loyal returning customers. This seems to be successful with both the nationals and the important German customer base. In fact, the country is a big importer of skiers, most of its skier visits being made by foreign tourists. Another traditional customer base is coming through the British tour operators.

[11] The same families also often own interests in the lift companies

A couple of Austrian resorts have a very strong market positioning. Some other, although not all connected, have joint marketing efforts, showing an example of a new dynamic. Although it is not possible to ski from each resort to the others, the benefits of using this common brand have appeared, as for instance, it allows a higher pricing.

Austria is also the only country where the schools are still going on ski weeks on a systematic basis. This may be a secret of the steady growth in attendance.

Canada

Canada demonstrates the characteristics of a mature market and has to face serious concerns about ageing and renewal of the customer base, with interesting ethnic issues. The attendance has been quite flat for all the decade, mostly influenced by weather conditions.

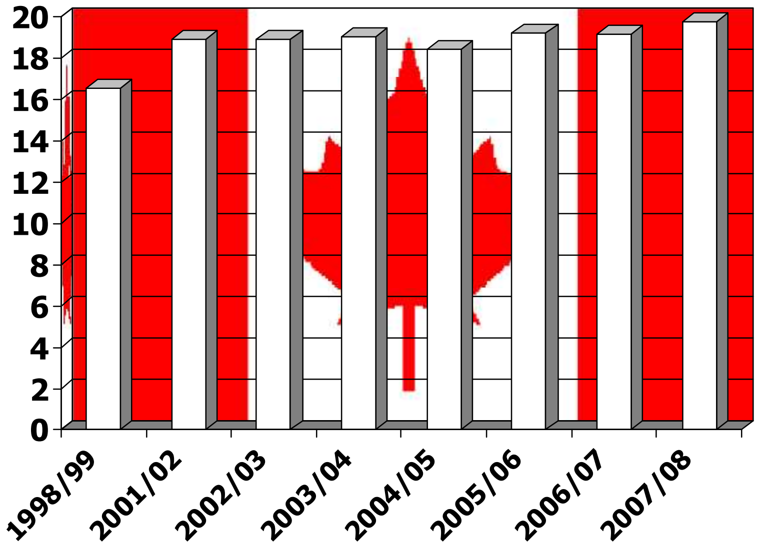


Figure 7 : Canada, evolution of skier visits (mio)

The Canadian ski resorts depend on domestic and US customer base. Even if their proportion in the foreign visitors is low, it is interesting to stress that some of the well known resorts also attract some overseas skiers. Furthermore, some very small resorts also appear to at-

tract British tourists' charters. Intrawest is the only significant multi-resorts operator. Besides, the operators are mostly locals.

In front of the weak growth experienced over the last years, the Canadian Industry has led close studies about the demographics, in the line of the US, implementing the "Model for Growth". Several operators have also diversified their activities and some of the major resorts now offer numerous summer activities that enabled to balance the attendance of both seasons. The idea of 4 seasons resorts has been highly developed and promoted. Some resorts close to metropolitan areas have developed heavily water rides and such other summer activities, which even enable to use some of the lifts during summer time and sell year long passes.

France

Although France is the first destination in terms of arrivals in world tourism, the ski industry still lives more with the domestic market.

France is the second country still showing a significant trend towards growth on the long range, among the major players. Although the weather conditions of winter 2006/07 badly impacted the attendance, it is expected that the skier visits will increase again, even if the rate reduces.

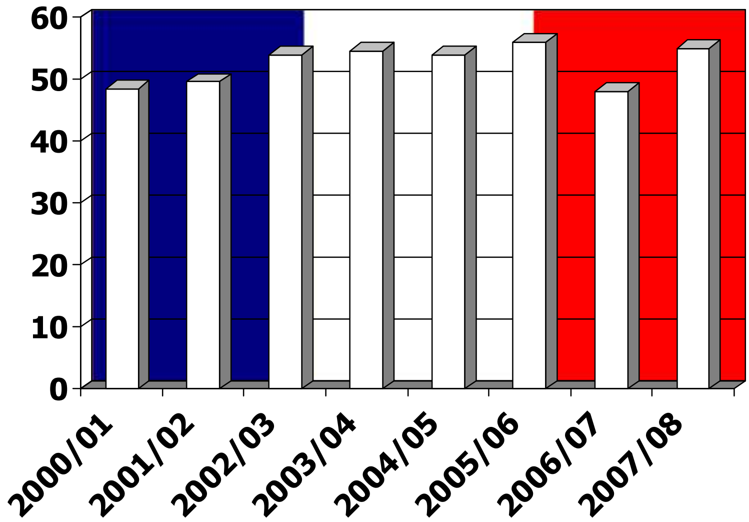


Figure 8 : France, evolution of skier visits (mio)

Part of the big French resorts has been created from scratch in the 1960's and 1970's, initially as integrated operations. They were dismantled in the 1980's and distributed among numerous operators, giving birth to the Compagnie des Alpes. France is the only European country with such a major operator, which runs a good portion of the big resorts. Besides, there are also some other smaller operators managing the lifts of several ski areas. In France, skilifts are still considered as a public service and part of the operators are owned or even directly managed by municipalities.

Another particularity of the French resorts, and especially in the purpose-built big resorts, is the extremely high proportion of apartment housing. Hotels are quite rare and most of the customers are spending their ski week in what is called "Résidences de tourisme", which are to some extend the French equivalent of the North American condos, with much less surface per guest and a level of comfort still based on the standards of the 1970's in many occurrences.

L'avenir des domaines skiables à moyen terme ne se joue pas dans le climat, il se joue sur le service au client

par Laurent Reynaud, Directeur du Syndicat National des Téléphériques de France

Quels sont les enjeux pour les opérateurs de remontées mécaniques et de domaines skiables ?

Les tendances les plus fortes à court et moyen terme sont les tendances économiques : les charges des entreprises croissent beaucoup plus vite que les recettes. En outre, l'enjeu du renouvellement du parc de remontées mécaniques est important. Pas tant en terme de sécurité pour les usagers, mais surtout du point de vue économique : les coûts d'entretien des appareils les moins récents augmentent rapidement, avec comme seul échappatoire la rénovation ou le remplacement des installations, ce qui peut être inaccessible vu le coût actuel du neuf. On se souvient que la directive européenne 2000/9/CE lancée durant la décennie 1990 devait entraîner une baisse des prix par l'ouverture du marché européen. En réalité, le rassemblement des quatre grands constructeurs en 2000 et 2001 a complètement déjoué ce plan, et les prix n'ont jamais été aussi élevés.

Quelle est l'influence du changement climatique sur les domaines skiables ?

Certains nous voient déjà 6 pieds sous terre ! Mais il ne suffit pas de dire qu'il y aura moins de neige : il faut voir à partir de quand cela peut avoir une influence sur l'offre de ski. En réalité, si les prévisions du GIEC se réalisent, l'érosion de l'enneigement qui pourrait se poursuivre ne deviendrait un enjeu qu'entre 2050 et 2100. Encore en 2050 seules les stations de basse altitude commenceraient d'être touchées. Ce n'est donc pas dans le climat qu'il faut chercher les facteurs dimensionnants à court ou moyen terme. Le maintien de l'équilibre économique des exploitations en basse altitude est bien plus préoccupant à court terme que l'influence du changement climatique. Bien clairvoyant celui qui peut dire quelle sera la répartition des vacanciers de l'Arc Alpin en 2050 ! Si les longs courriers devenaient inabordables à cause du prix du kérozène, certes la clientèle étrangère serait moins nombreuse sur les pistes de ski de l'Arc Alpin, mais la clientèle domestique deviendrait beaucoup plus captive de ses montagnes…

Dans ce contexte, quels sont les atouts des domaines skiables pour demain ?

Nous devons maîtriser nos coûts, en même temps que nous innovons là où le client nous attend. L'initiative américaine qui se poursuit (« trial, conversion, retention ») est très intéressante (elle inspire l'action des exploitants français pour les années à venir). Une partie importante de nos efforts sont faits en direction de la sécurisation du produit neige. Mais la neige de culture soulève des questions environnementales grandissantes, souvent par méconnaissance du processus de fabrication (volumes mis en œuvre, restitution de l'eau au milieu naturel). Pour préserver leur capacité à investir sur la neige de culture, les opérateurs français de domaines skiables ont fait le choix depuis plusieurs années de n'utiliser aucun adjuvant. Ils se lancent également dans une campagne d'information du grand public et des professionnels des stations, pour démystifier la neige de culture.

Italy

The Italian ski industry is close to the Austrian model in the Sud Tirol and Eastern part, and shares some issues as the French resorts in its Western part. Some players are very dynamic, like the area "Dolomiti Superski" and offer a high level of infrastructure and state of the art lifts and snowmaking facilities. The evolution of some other areas has been slower, contributing to the decline in attendance.

The Italian industry is quite fragmented, with no major operator. It mostly relies on domestic customers and presents the lowest rate of foreign participants of the alpine countries.

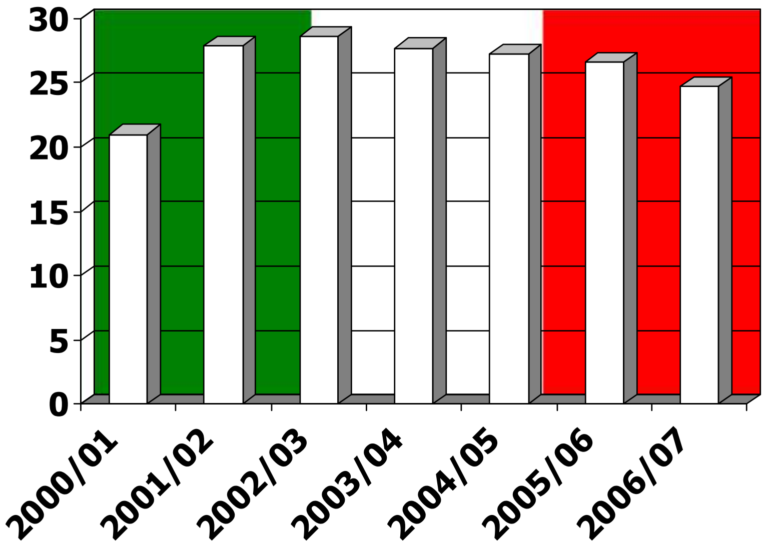


Figure 9 : Italy, evolution of the skier visits (mio)

When the average price paid by skier visit is near to CHF 30,00 for the neighbouring countries, Italy is 10% lower.

Japan

Japan is one of the countries with the highest number of ski areas. Resorts are located all along the Japanese islands, from the northern island of Hokkaido to the main southern island of Kyushu. Almost all the population is therefore only a couple hours away of a ski area. With its high level of inhabitants, this represents therefore a huge potential.

The Japanese ski industry experienced a tremendous boom in the years 1970 – 1990, when skier visits reached record figures. In the eighties, the resort development was dramatic, with several new, extended or fully rebuilt ones. The country offered the finest and most modern facilities in the world. Skiing became very fashionable and most popular sport among young people. The resorts were busy and crowded to that extend that it was difficult to really ski! There were long lift queues and bottlenecks on the slopes. This surely contributed to render ski less attractive. However Japan lived a strong economic downturn in the beginning of the 90's and Real Estate was very much affected. Many resorts then experienced difficulties with the financing of their huge investments. Attendance began to decrease very severely.

Today, the skier visits are about a yearly 50 mio, about half of what they were in the 80's. The slopes are no longer overcrowded. However, the industry is trying to recover and reconquest new clients. Some ski areas are turned into big resorts where skiing is only one of many options. Investments are directed to make these places attractive to both skiers and non skiers. True mountain base villages are developed, offering housing and multiple facilities. Some are even afraid of a certain Disneylandisation of the mountain.

With these changes, the Japanese ski areas also attract more and more foreign visitors. If 10 years ago, there was nearly no foreign visitor practicing ski, the country now attracts skiers from abroad. It is now common for the time being to see skiers coming from Australia and East Asia, but the focus is now on attracting Europeans and Americans. Efforts are made to produce trail maps, sign and menus in English, Korean and Chinese.

Switzerland

Although Switzerland has been in the past the most famous ski destination in the world, with some places winning a still lasting recognition, and was once the leader in terms of lift infrastructure, the industry lost part of its glance in the 1980's. Too fragmented operators, disputing on the same mountains, led several companies to poor financial conditions. The investments have thus been slowed down for a while and Switzerland lost part of its attraction for foreign tourists. This was not helped by the legendary but no longer true expensive reputation. Besides, the ski industry is facing the issue of the demographics of the national client base.

The skier visits figures present a small decline at the beginning of the decade, then a flat tendency over the last years, punctuated by adverse meteorological conditions. The evolution for the future is still unclear and is a concern for the operators.

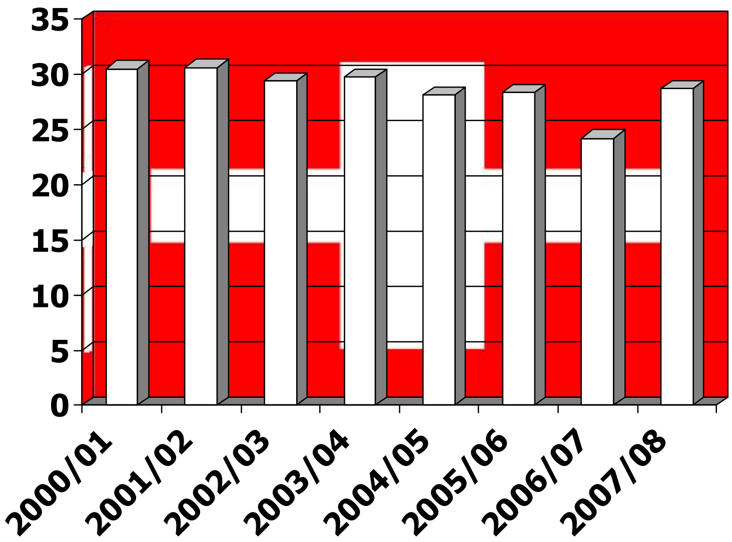


Figure 10 : Switzerland, evolution of skier visits (mio)

For the time being, the Swiss operators have not taken strong action to anticipate the impact of the change in the demographics of their clients. Some campaigns have been launched over the last winters, to get citizen of major cities acquainted with the pleasure of skiing. Some ideas are being explored but customer knowledge still needs to be improved to develop successful CRM programs.

Further improvements to client experience also go through the modernisation of part of the aging hotel infrastructure, which offers very unequal quality depending on the destinations. The increase in the non-ski offer will also help the Swiss alpine resorts to be more attractive to a larger customer base both in winter and in summer.

United States

The United States are the biggest ski market, with a high number or resorts and of skier visits. The industry is dominated by several big players, operating several mostly integrated resorts. Besides, it accounts numerous independent ski areas of various sizes. Nevertheless, further to closures and other misfortunes, their number has been decreasing over the years.

The United States ski industry is the one that has been the most closely analysed over the years. There is a substantial history of statistical data available. It was the first in the industry to raise issues of the discrepancies between population growth and attendance in the ski resorts, especially as it mainly depends on its domestic participants. The evolution of the skier visits over the decade is just continuing a tendency that is already showed in this mature market since the end of the 1970's.

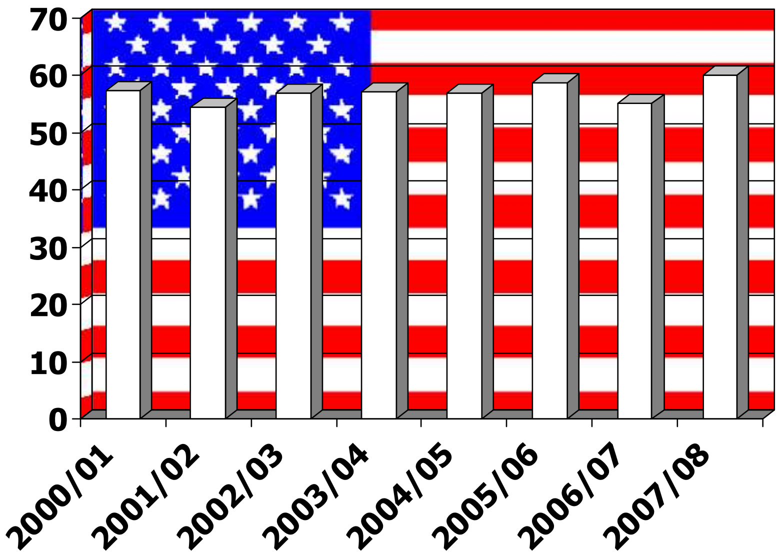


Figure 11 : USA, evolution of skier visits (mio)

Highs and downs of the weather conditions have been modelling the shape of the evolution over the years, more than anything else. However, over the last years, the 5-years average attendance has been slightly rising, further to the acknowledgement of the demographic issue and the set up of the "Model for Growth". It aims at addressing the aging of the population, the increased proportion of ethnical minorities and the skier's retention scheme (increasing the interest of beginners, converting them into regular skiers and preventing regular skiers from abandoning).

For several years now, measures have been taken in order to implement this "Model for Growth", even if some drawbacks appeared and the US industry still continues to have difficulties in extending its customer base. The results show that only continuous efforts are required and their benefits are limited, so they need to be multiplied. With a market as big as Europe but only half the number of skier visits, the US industry still seems to have some potential.

Conclusion

Nearly everywhere, the industry is facing the challenge of growth. In many places, the market is more than mature. The baby-boomers have been important participants. The older part of this generation will however progressively come out of the market, without being properly replaced by further generations with a same enthusiasm for ski. Attempts to develop the market are very important and not always sufficiently addressed.

As already experienced by the ski areas that have been looking for solutions, winning new customers in attracting non skiers and converting them into loyal participants is not a done deal. It requires many efforts and the rewards are only coming little by little. Innovation and customer relation management are keys. The first not only concern the lifts (much has already been done in this area), but all what is related to the mountain experience, and starting in some countries with the housing. It is in fact difficult to attract clients for one week of wonderful ski, with state of the art lifts, grooming and snowmaking, if guests have to spend the time they are not skiing in insane hotel rooms and restaurants. The newcomers in the industry are often well integrated and can offer modern facilities in all regards. Thus, if some traditional destinations still want to compete, they need to care for the quality of the whole resort infrastructure. CRM will help the operator to closely follow up the wishes of their customers and organise tailor-made offers. In the global world, each individual appreciates to be taken care of personally. Technology, and especially the Internet, now makes possible to offer "one stop shopping" where clients will be able to fulfil all their desires.

Nevertheless, the experience of the client will only be complete when his virtual purchases will turn into reality. At this stage also, the most careful attention is to be paid in order to maximise guest satisfaction. Quality and human touch are not options in order to really produce a distinctive client experience. This has come a strong reality in tourism, and alpine resorts will not escape. The potential for improvements leaves wide perspectives open for the players of the industry that will understand these issues.

Sources

As comprehensive information is not available globally for the industry, and even quite poor at some countries level, the present report compiles numerous sources. Various attempts have already been done to gather information about the industry at an international level. Unfortunately, often figures published are only partially correct.

Many efforts have therefore been focused to present data as accurate as possible. These have been crossed check numerous times. If however a reliable source has been missed, the author would very much appreciate its communication for further reference.

Besides the personal database gathered by the author, following sources have been referred to:

- Reports from national associations : Remontées Mécaniques Suisses, SNTF (Syndicat National des Téléphériques), NSAA (National Ski Areas Association), Fachverband der Seilbahnen Österreichs, ASSQ (Association des stations de ski du Québec)
- CIA 2008 Yearbook
- 2006 UNWTO Barometer

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