



Situation and outlook for the world ski & snowboard market – International or local ?

**6th Snow & Mountain Tourism World Congress
Andorra, April 13th, 2010**

Laurent Vanat



Agenda

- The state of the industry today
- Market evolution since 2000
- Impact of the crisis
- Resorts in the international competition
- Local or international ?



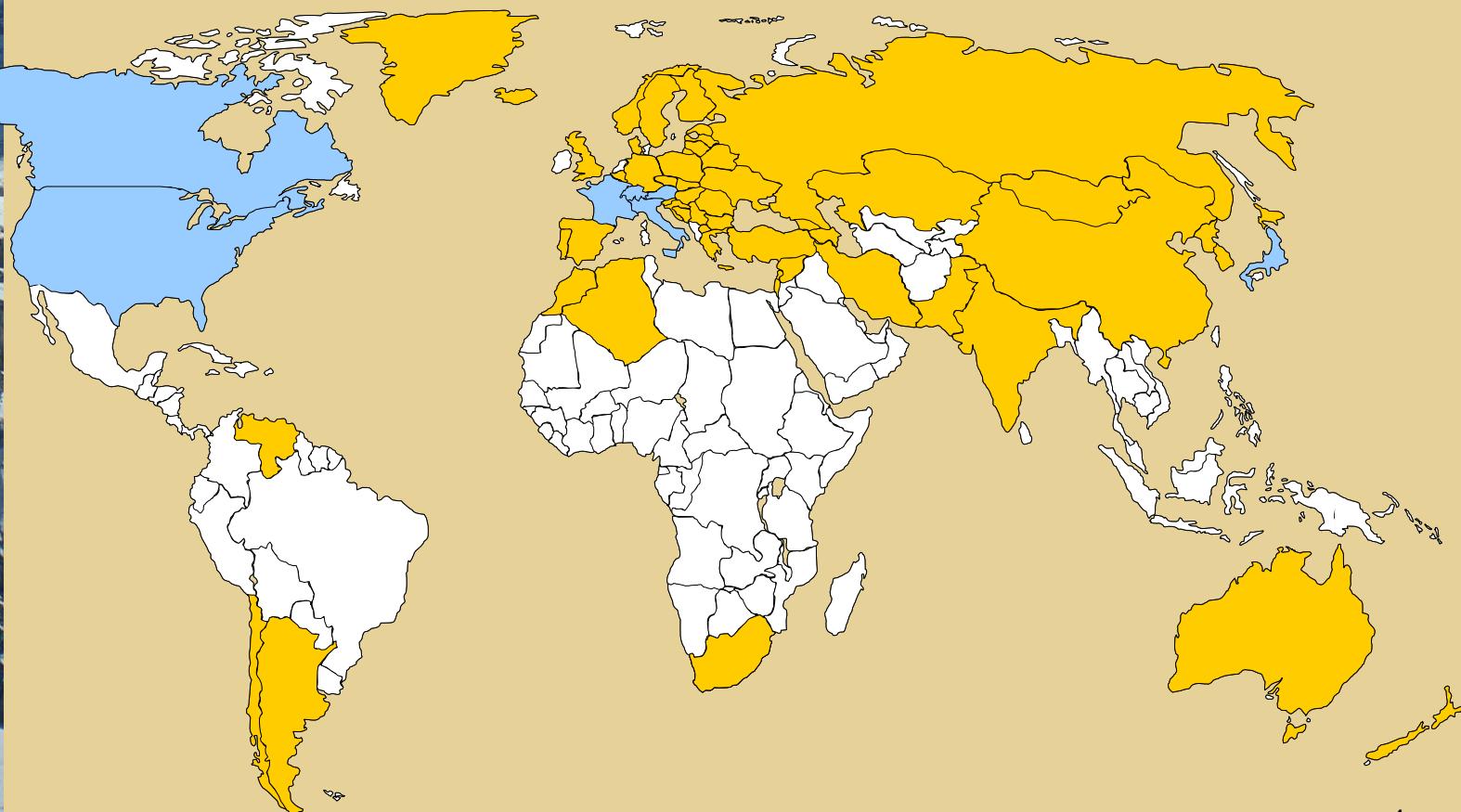
The state of the industry today

Laurent Vanat



Market geographics

- 80 countries
- 6000 places of practice
- 2000 resorts
- 6 million beds



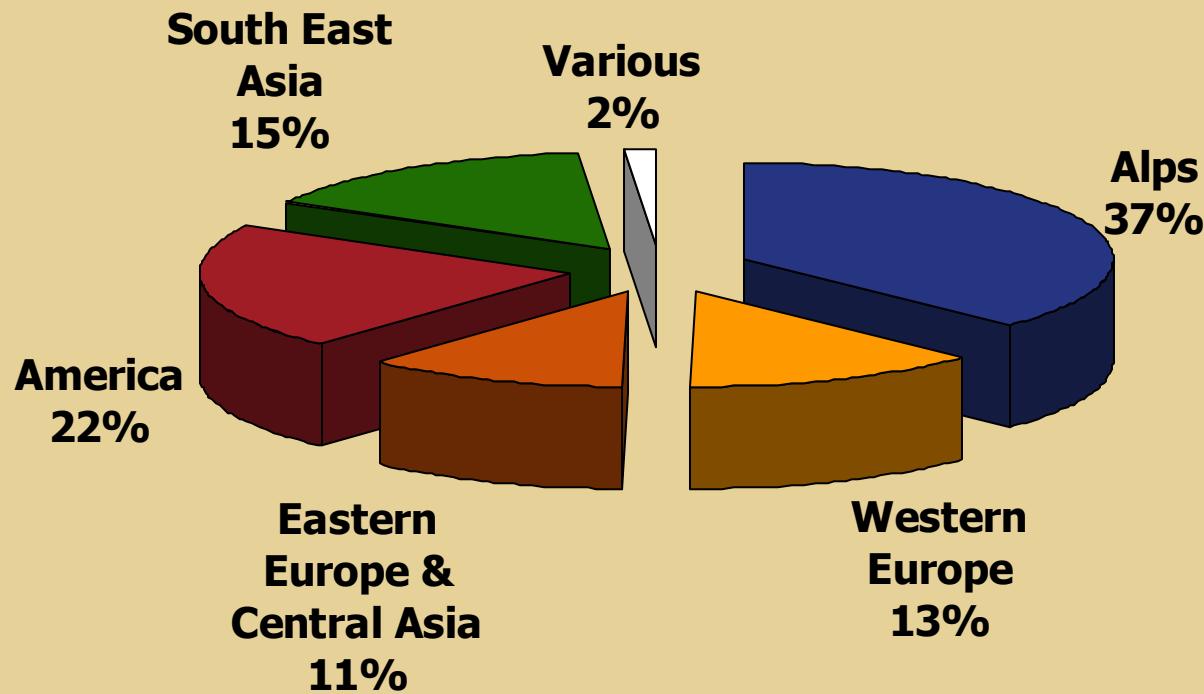
World market



Laurent Vanat



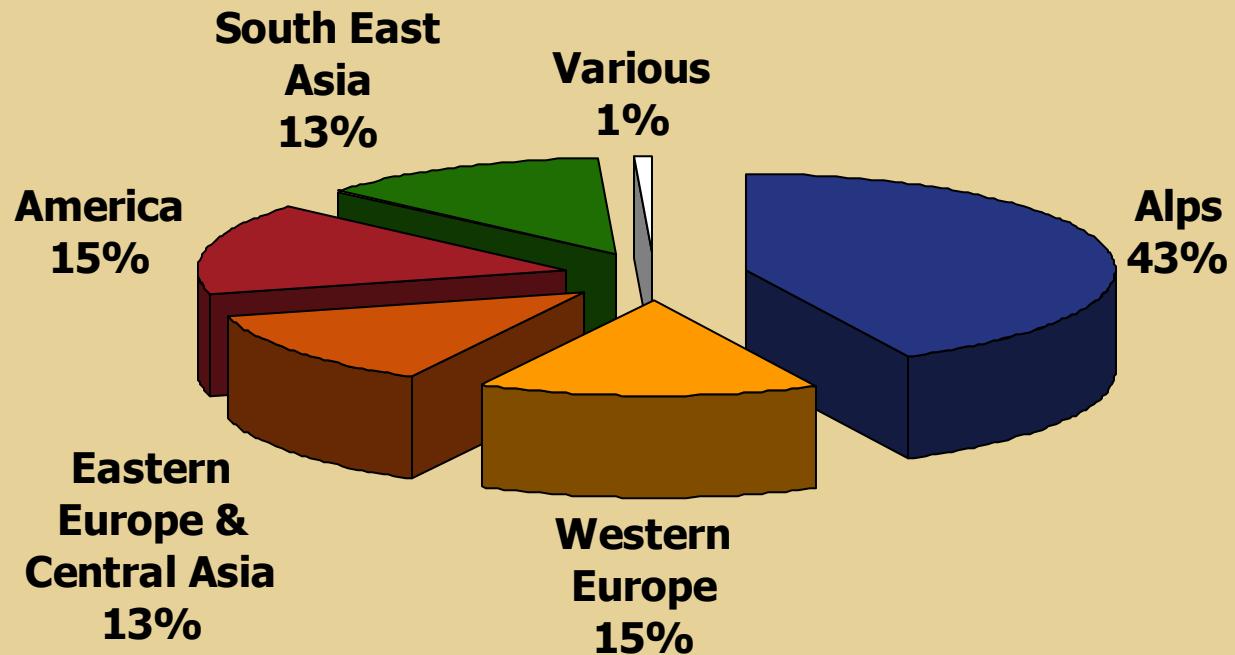
Number of ski resorts
(with more than 4 lifts)



World market



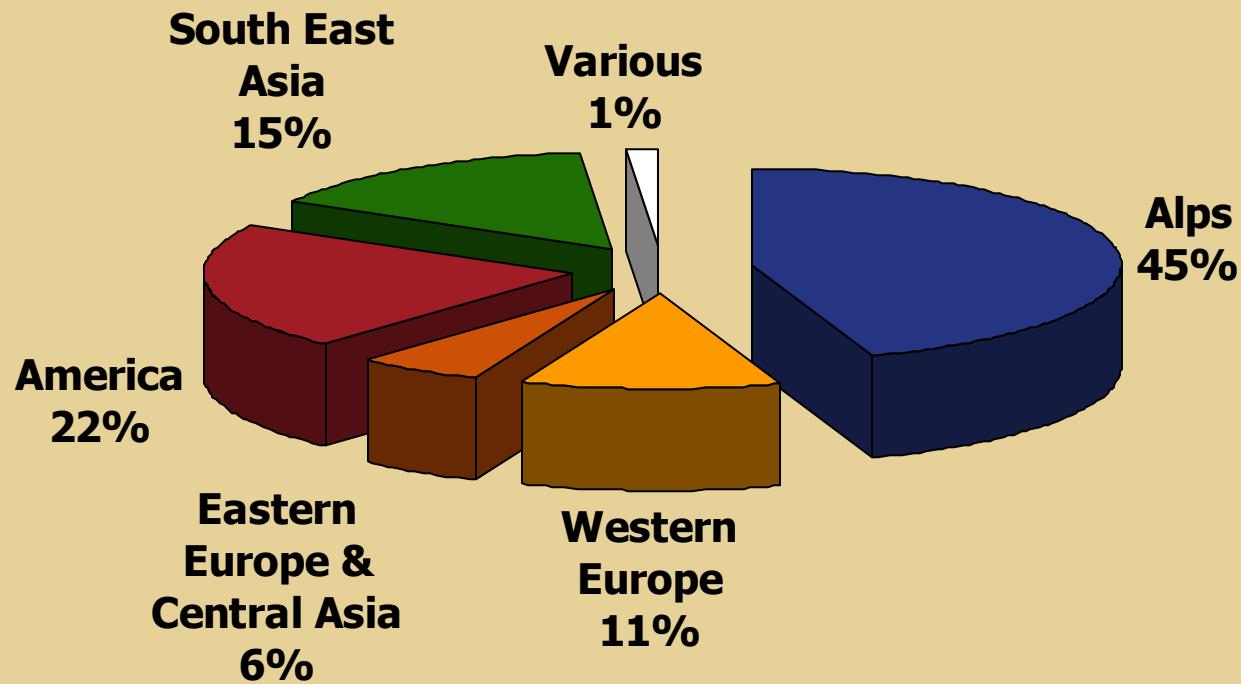
Number of lifts



World market



Number of skier visits

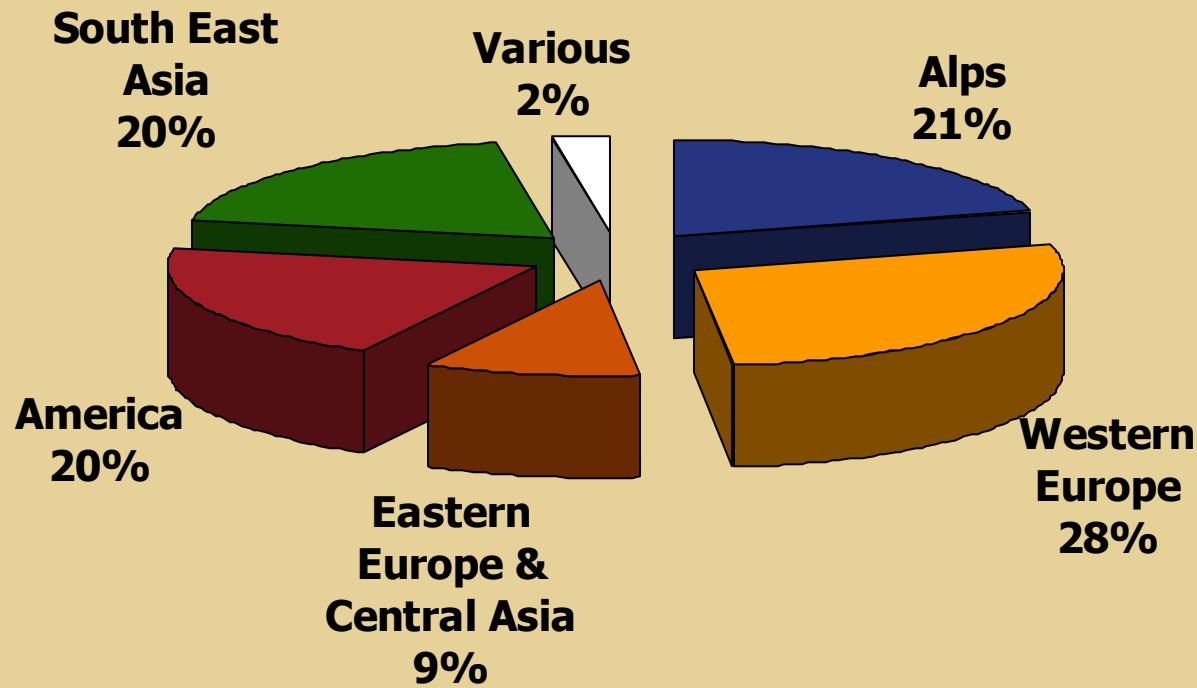


World market

Laurent Vanat



Number of skiers



Major players

| Country | Andorra | Australia | Austria | Canada | China | Czech Republic |
|--|------------|-----------|--------------|--------|--------------|----------------|
| Number of resorts | 3 | 10 | 254 | 288 | 200 | 176 |
| Number of major resorts (>1 mio SV) | 1 | 0 | 12 | 1 | 0 | 0 |
| Number of lifts | 111 | 147 | 3'313 | 888 | 773 | 816 |
| Skier visits (million) | 2 | 2 | 52 | 19 | 5 | 3 |
| Population (million) | 0 | 21 | 8 | 33 | 1'330 | 10 |
| Ranking in world tourism | #N/A | 40 | 12 | 15 | 4 | 36 |
| Arrivals of international tourists (million) | 2 | 6 | 22 | 17 | 53 | 7 |
| Proportion of foreign skiers | 95% | 2% | 66% | 14% | 5% | 10% |
| SV / inhabitant | 1,4 | 0,1 | 2,1 | 0,5 | 0,0 | 0,3 |
| SV / foreign visitor | 1,1 | 0,0 | 1,6 | 0,2 | 0,0 | 0,0 |



Major players

| Country | Finland | France | Germany | Italy | Japan | Korea, South |
|---|---------|--------------|------------|-------|------------|-----------------|
| Number of resorts | 76 | 356 | 510 | 349 | 547 | 24 |
| Number of major resorts (>1 mio SV) | 0 | 14 | 0 | 4 | 0 | 0 |
| Number of lifts | 336 | 3'790 | 1'787 | 2'006 | 2'422 | 130 |
| Skier visits (million) | 3 | 54 | 13 | 27 | 41 | 6 |
| Population (million) | 5 | 64 | 82 | 58 | 127 | 48 |
| Ranking in world tourism | 50 | 1 | 9 | 5 | 28 | 35 |
| Arrivals of international tourists (million) | 3 | 79 | 25 | 43 | 8 | 7 |
| Proportion of foreign skiers | 8% | 28% | 10% | 15% | 3% | 10% |
| SV / inhabitant | 0,5 | 0,6 | 0,1 | 0,4 | 0,3 | 0,1 |
| SV / foreign visitor | 0,1 | 0,2 | 0,1 | 0,1 | 0,1 | 0,1 |



Major players

| Country | Norway | Slovakia | Spain | Sweden | Switzer -land | United States |
|---|---------------|-----------------|--------------|---------------|--------------------------|--------------------------|
| Number of resorts | 213 | 91 | 34 | 233 | 240 | 481 |
| Number of major resorts (>1 mio SV) | 0 | 0 | 1 | 1 | 7 | 7 |
| Number of lifts | 667 | 489 | 356 | 834 | 2'284 | 3'122 |
| Skier visits (million) | 6 | 4 | 6 | 8 | 28 | 58 |
| Population (million) | 5 | 5 | 40 | 9 | 8 | 304 |
| Ranking in world tourism | 46 | #N/A | 3 | 38 | 27 | 2 |
| Arrivals of international tourists (million) | 4 | 2 | 57 | 5 | 9 | 58 |
| Proportion of foreign skiers | 8% | 10% | 10% | 8% | 50% | 6% |
| SV / inhabitant | 1,2 | 0,6 | 0,1 | 0,8 | 1,8 | 0,2 |
| SV / foreign visitor | 0,1 | 0,2 | 0,0 | 0,1 | 1,6 | 0,1 |

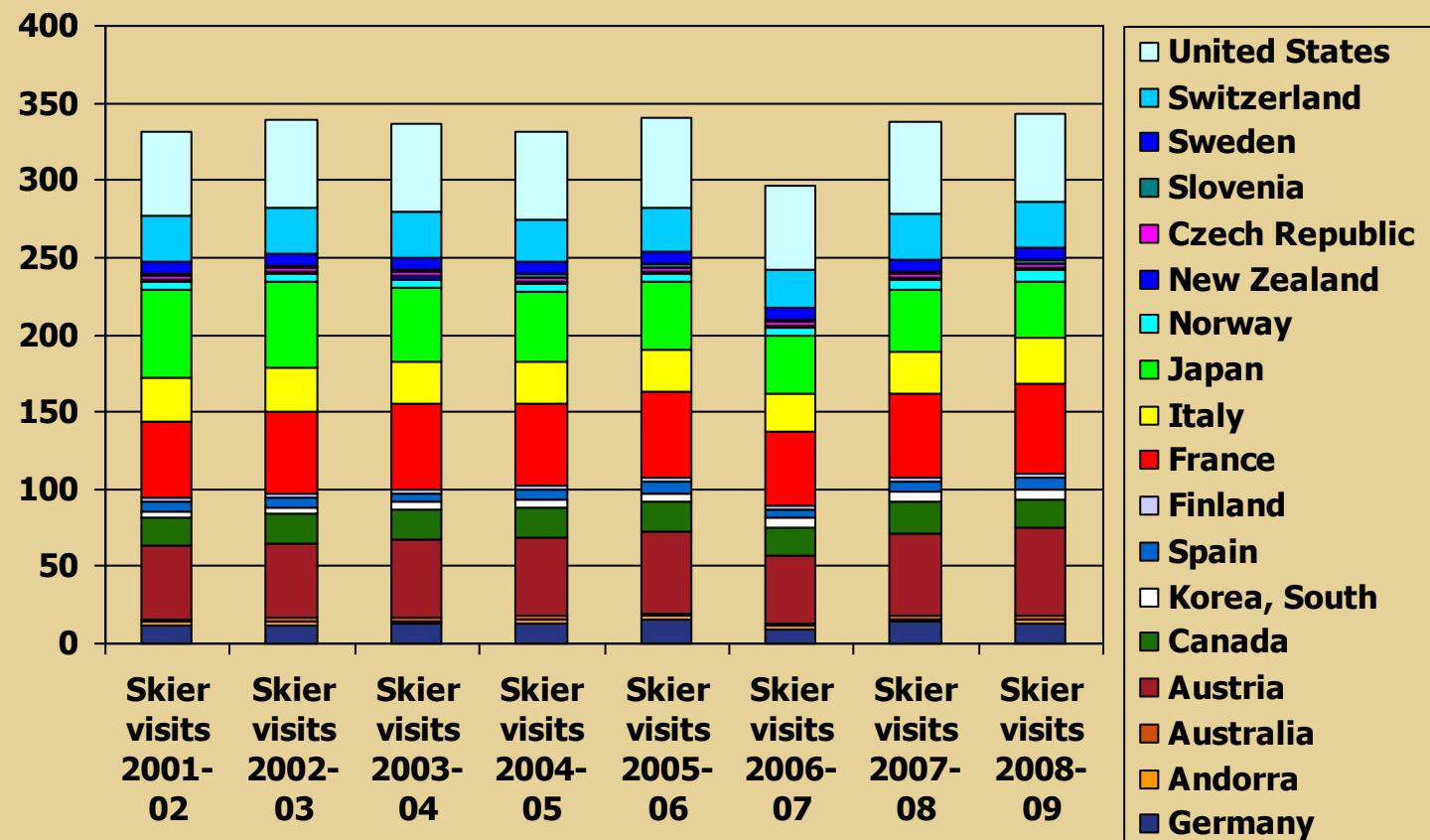


Market evolution since 2000

Laurent Vanat

World evolution

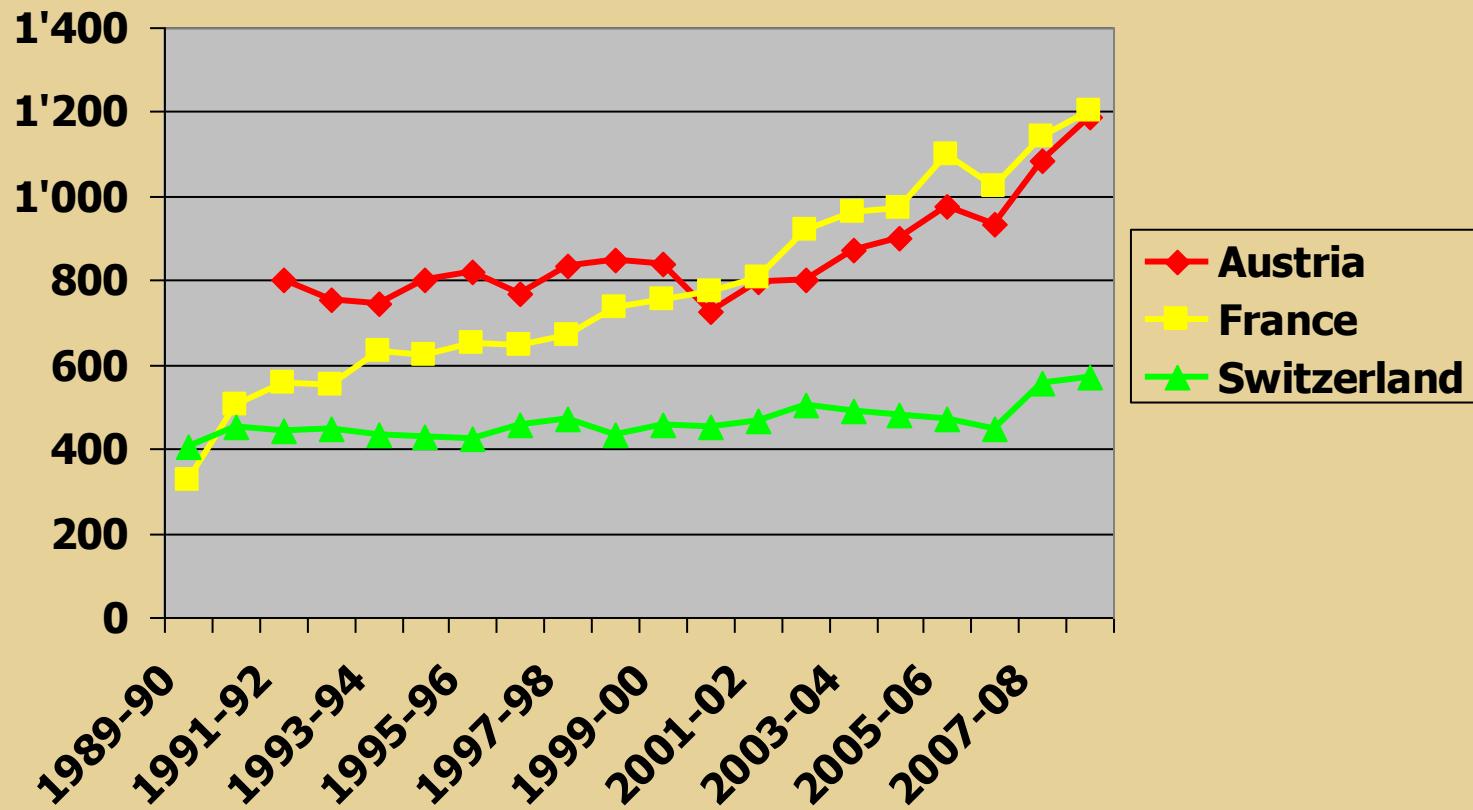
Skier visits of major players (in million)



International comparison



**Evolution of total lifts tickets turnover
(EUR million)**



Mature major markets - A

- **Flattening or declining attendance**
 - Historical home countries of the ski industry
 - Long ski tradition
 - Difficulties to maintain customer base
- **Challenge** : erosion of attendance
- **Future trend** : flat or near



Laurent Vanat



Mature major markets - B

- **Still growing markets**
 - Industry mostly developed in the 1970's
 - High level of reinvestment over the last decade
- **Challenge** : limits to the growth
- **Future** : Attendance will tend to flatten

Laurent Vanat





Intermediary markets

- **Northern Europe :**

- Quite mature stage, with same challenges as major markets
- Norway still shows some growth

- **Pyreneans :**

- Mature stage
- Higher weather sensitivity

- **Central Europe :**

- Germany, mature, weather sensitive
- Slovakia →
- Slovenia → **Growth potential ?**
- Czech Republic →

Developing markets

- Bulgaria
- Armenia
- Azerbaijan
- Estonia
- Hungary
- Kazakhstan
- Lithuania
- Poland
- Rumania
- Russia
- Ukraine
- ...



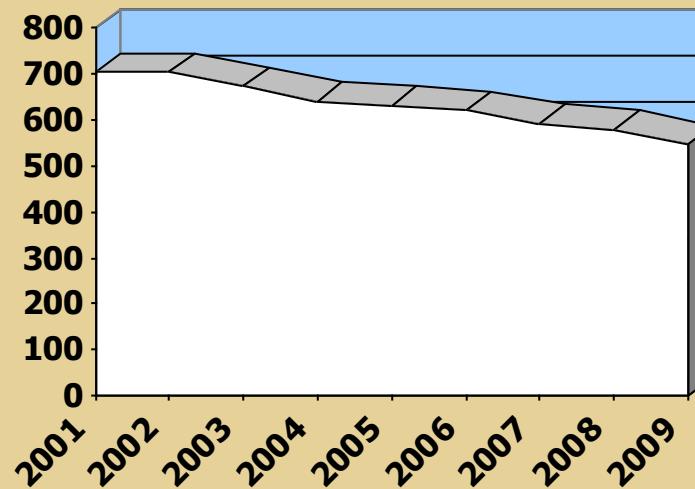
Laurent Vanat



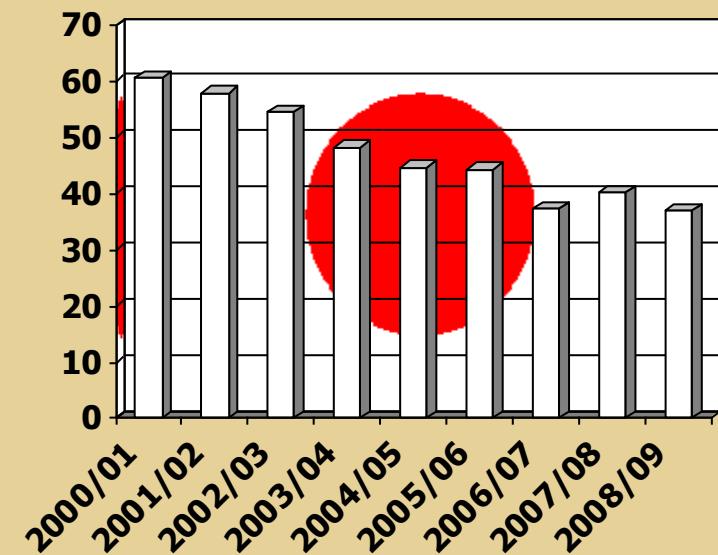
Focus - Japan

- Decline of the industry after the 1990's
- Consolidation phase in present times

Number of ski areas



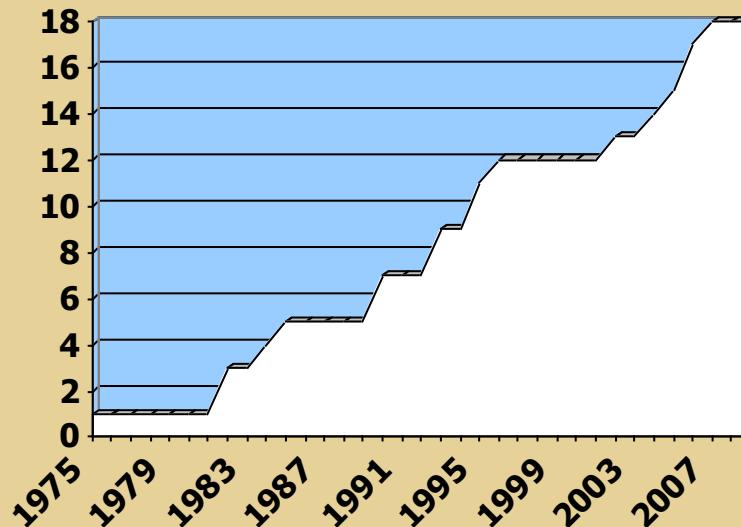
Skier visits (million)



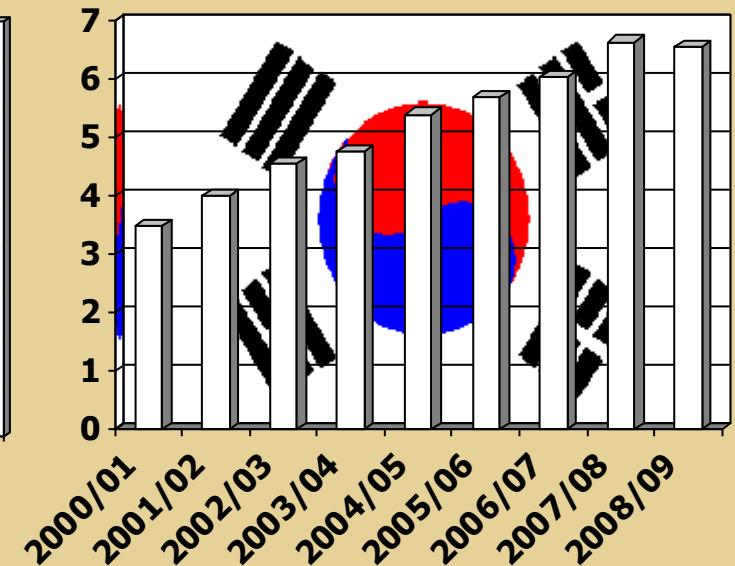
Focus - South Korea

- Continuous growth since 1975
- Industry focused on young people, offering a lot of fun

Number of ski areas



Skier visits (million)



Focus - China



| | Skiers |
|------------------|---------------|
| 2000 | 200'000 |
| 2001 | 800'000 |
| 2002 | 2'000'000 |
| 2003 | 4'000'000 |
| Expected in 2010 | 10'000'000 |
| Market potential | 27'000'000 |

Focus - Mongolia

- First ski resort just opened near Ulaanbaatar, with state of the art equipment, including snowmaking and night ski.

Laurent Vanat

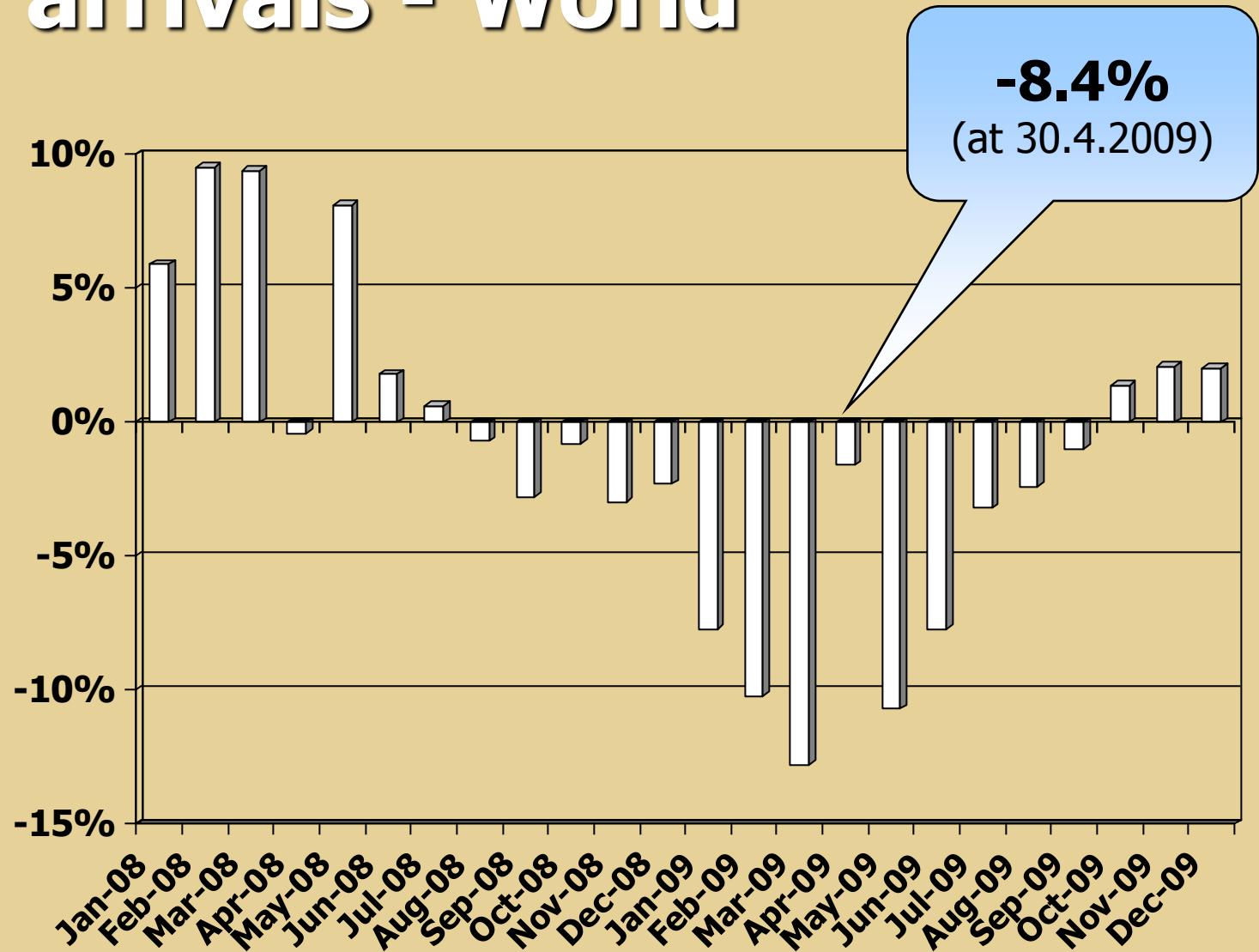




Impact of the crisis

Laurent Vanat

International tourist arrivals - World





Overnight stays

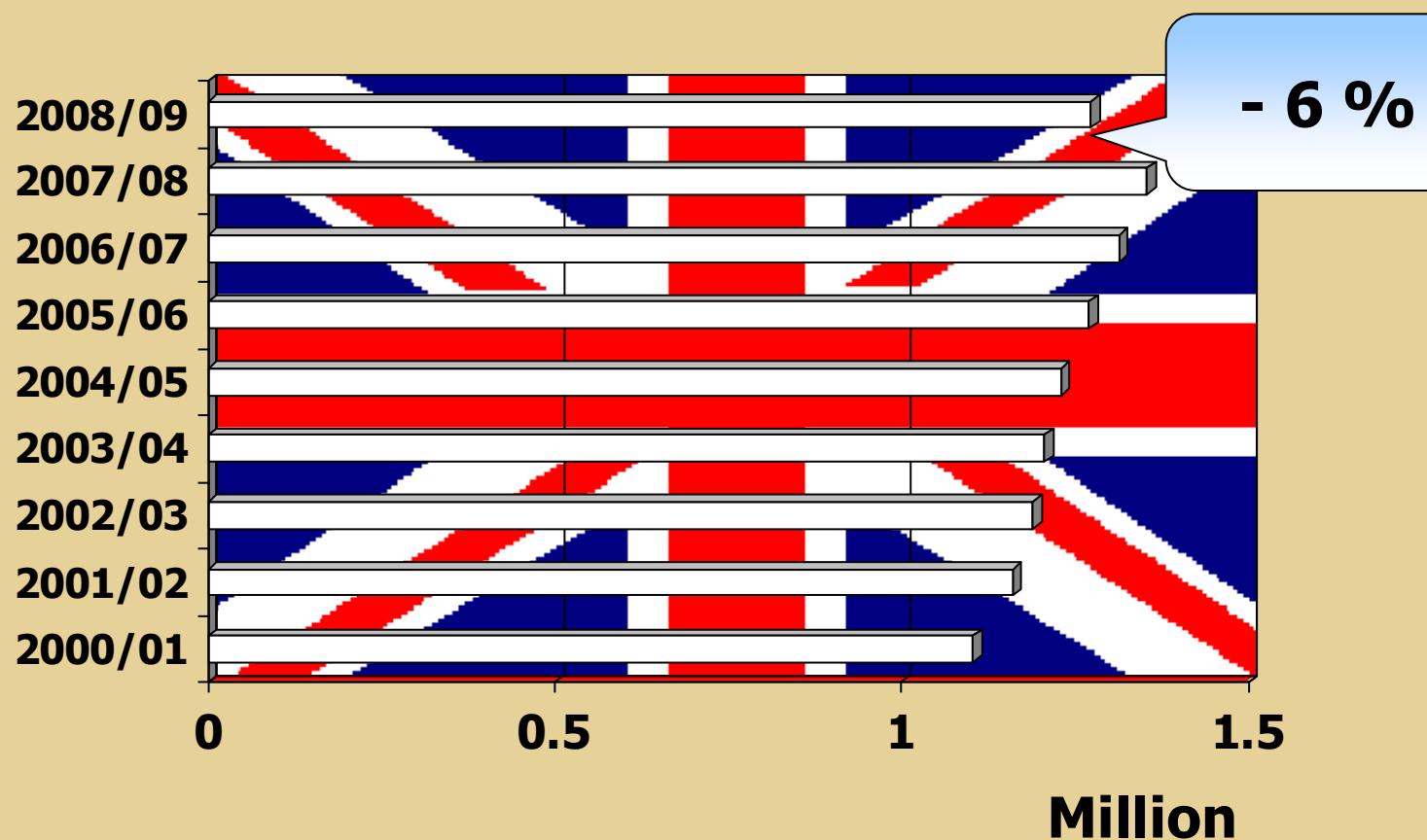
Chain hotels, variation in occupancy rate 12 month at 30.4.2009

| | |
|---------|-------|
| Austria | -8.8% |
| France | -4.6% |
| Germany | -4.5% |
| Italy | -9.6% |
| Spain | -9.4% |
| Sweden | -2.5% |

UK market



Skiers travelling abroad

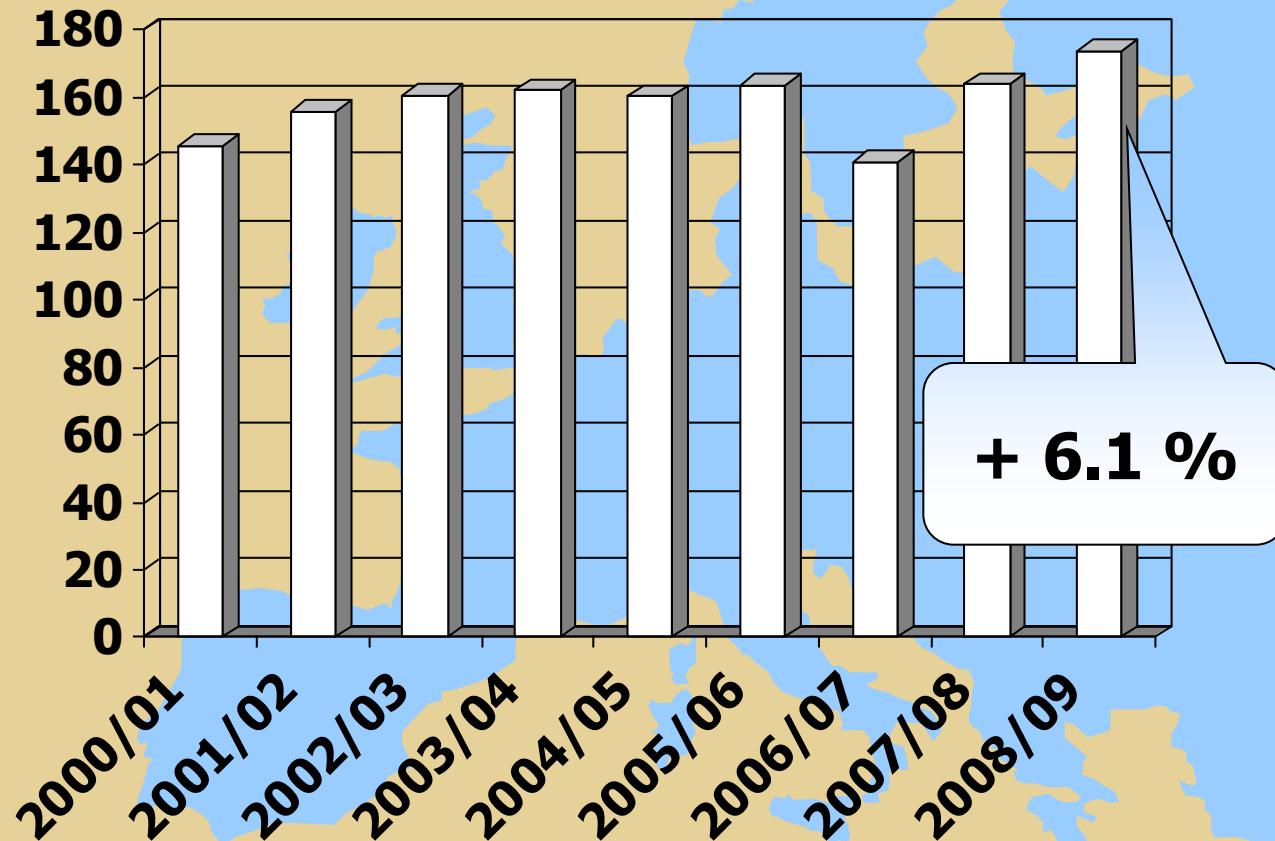


Europe - Alps

Laurent Vanat

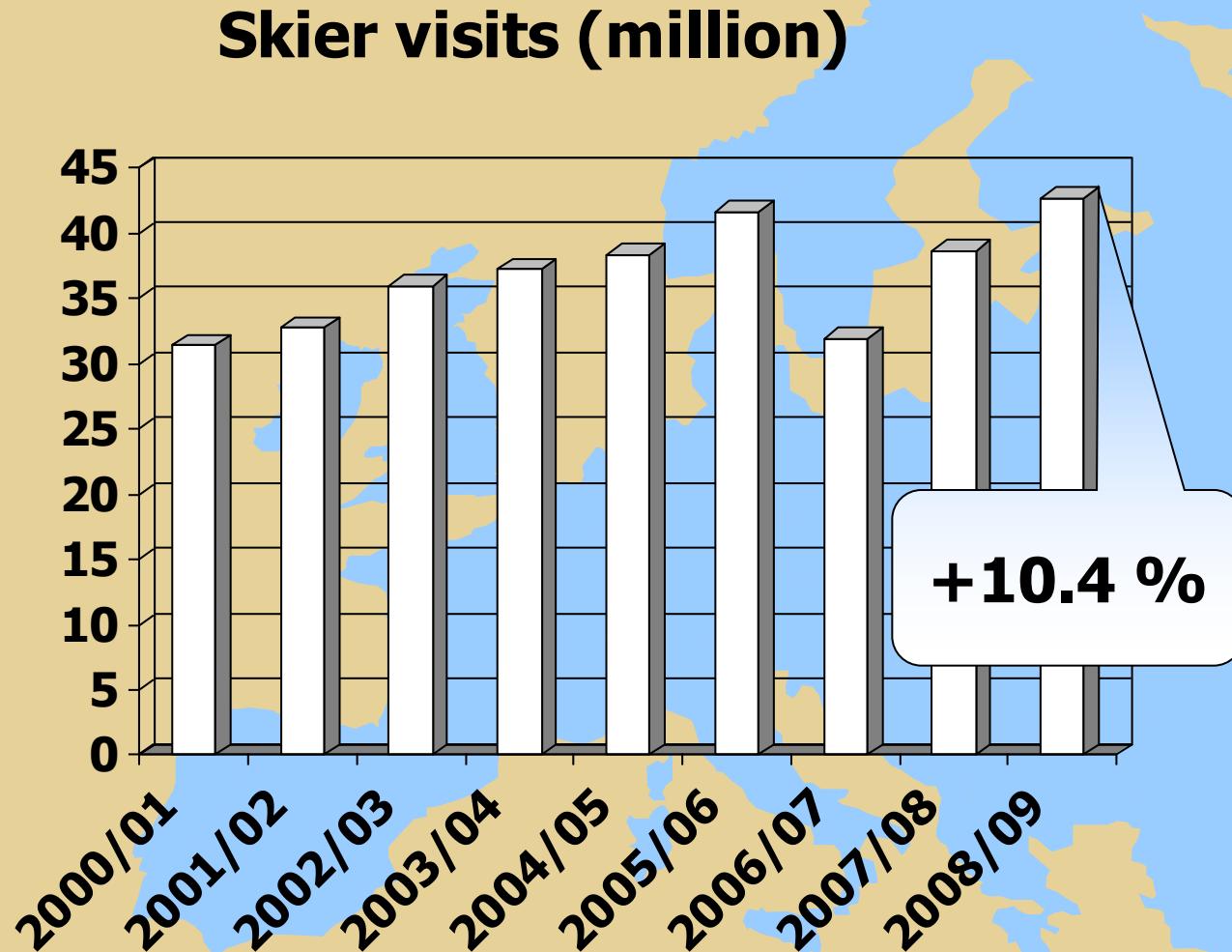


Skier visits (million)





Europe – Other countries

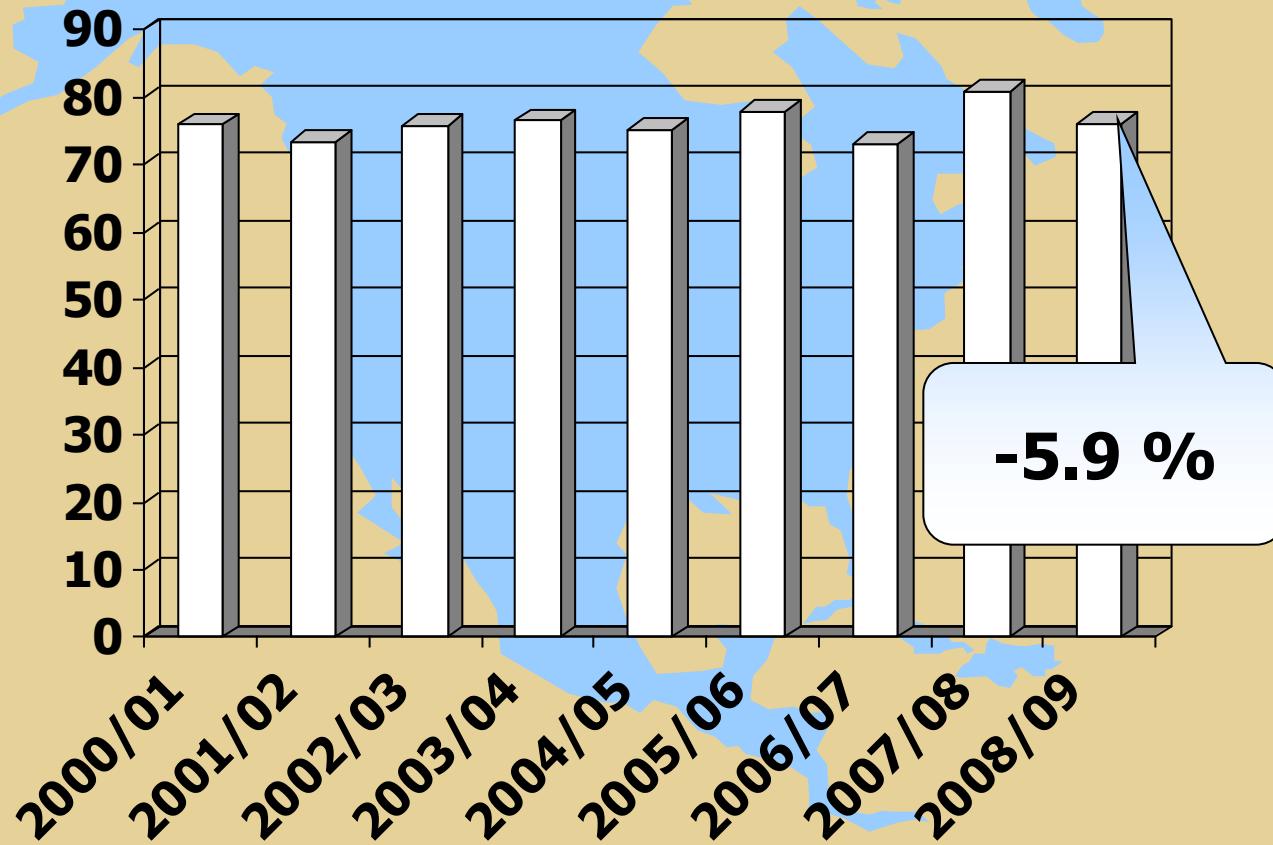


North America



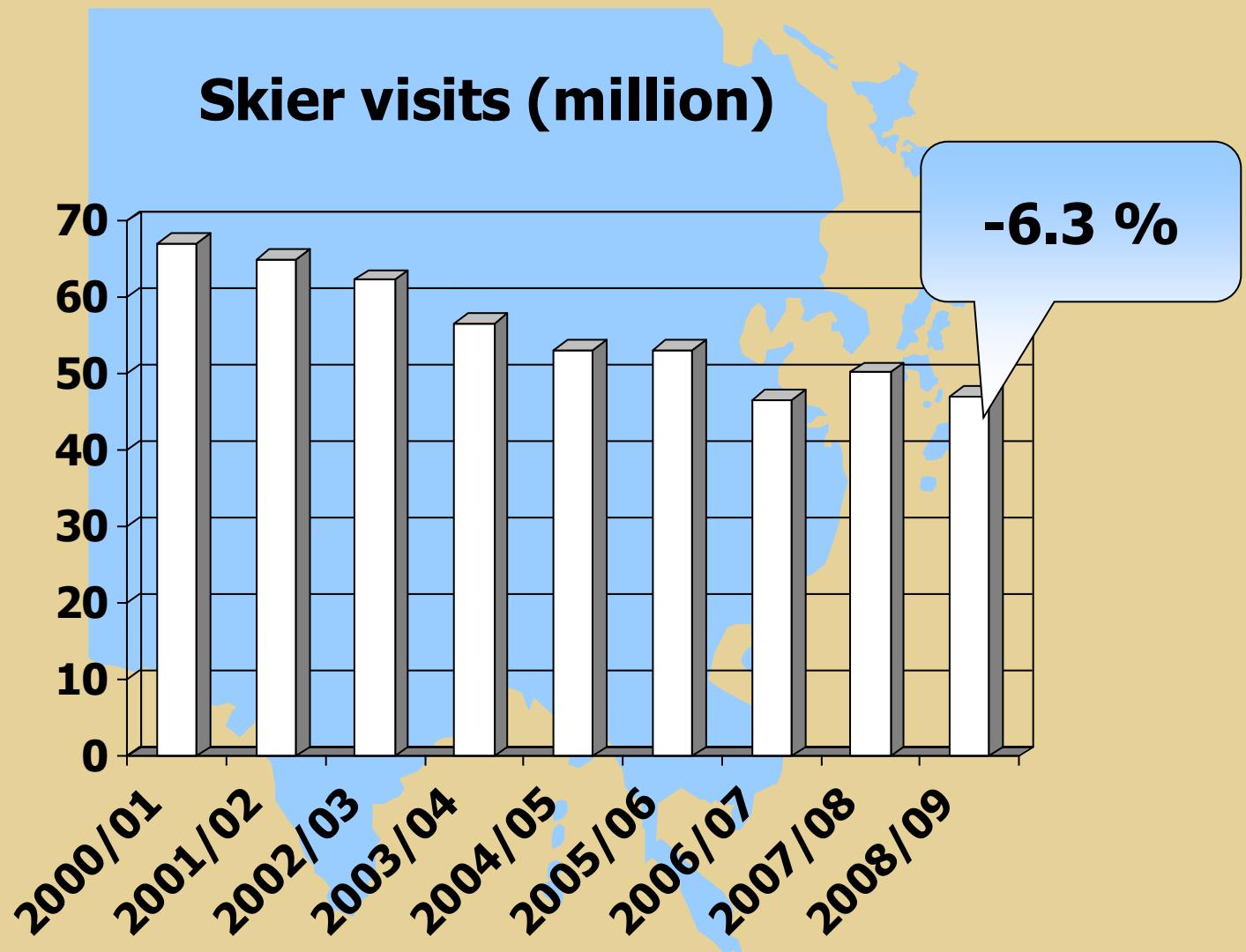
Laurent Vanat

Skier visits (million)



Asia - Pacific

Laurent Vanat



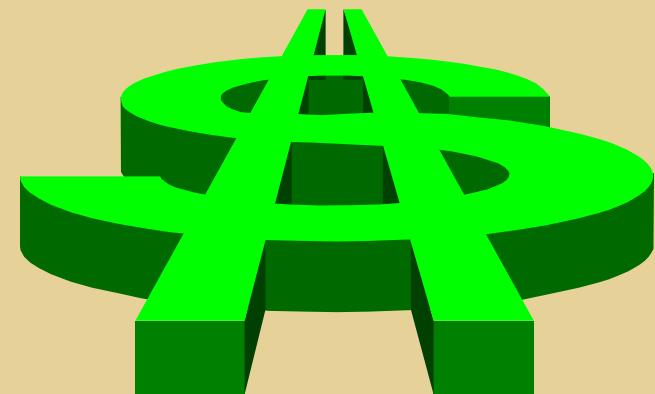


Effects of the crisis

2008/09 Season

- **North America / Asia-Pacific:** Drop in attendance figures
 - Impact of the crisis on long distance travel
 - Psychological effect

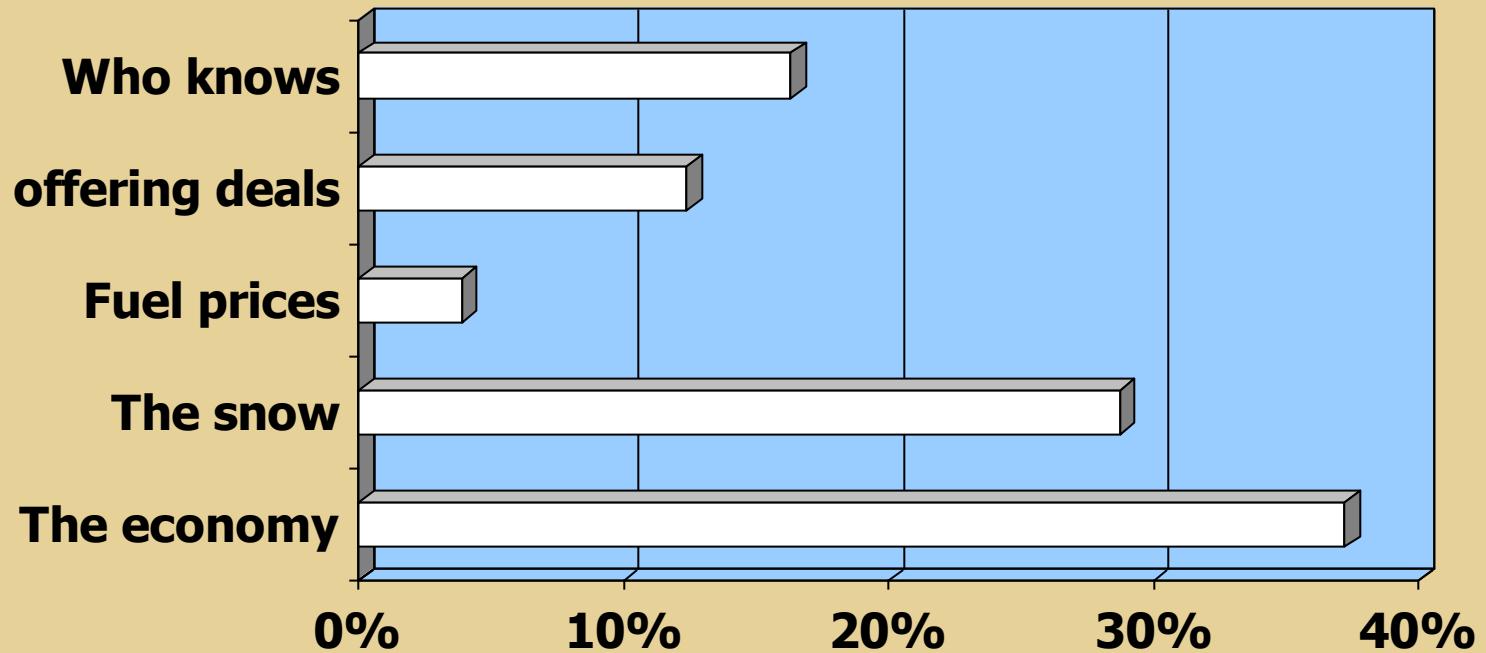
- **Europe :** Records of attendance in most countries
 - Early and reliable snow conditions
 - Favourable weather of the weekends and holidays





Expectations for 2010

Looking ahead, next season will be about ...



According to a survey by SAM in summer 2009



Effects of the crisis

2009/10 Season

- **North America / Asia-Pacific:**
 - Early openings
 - Still strong influence of the economy

- **Europe :**
 - Early openings
 - Issue of snow and weather conditions most important





Resorts in the international competition

Laurent Vanat



Being international

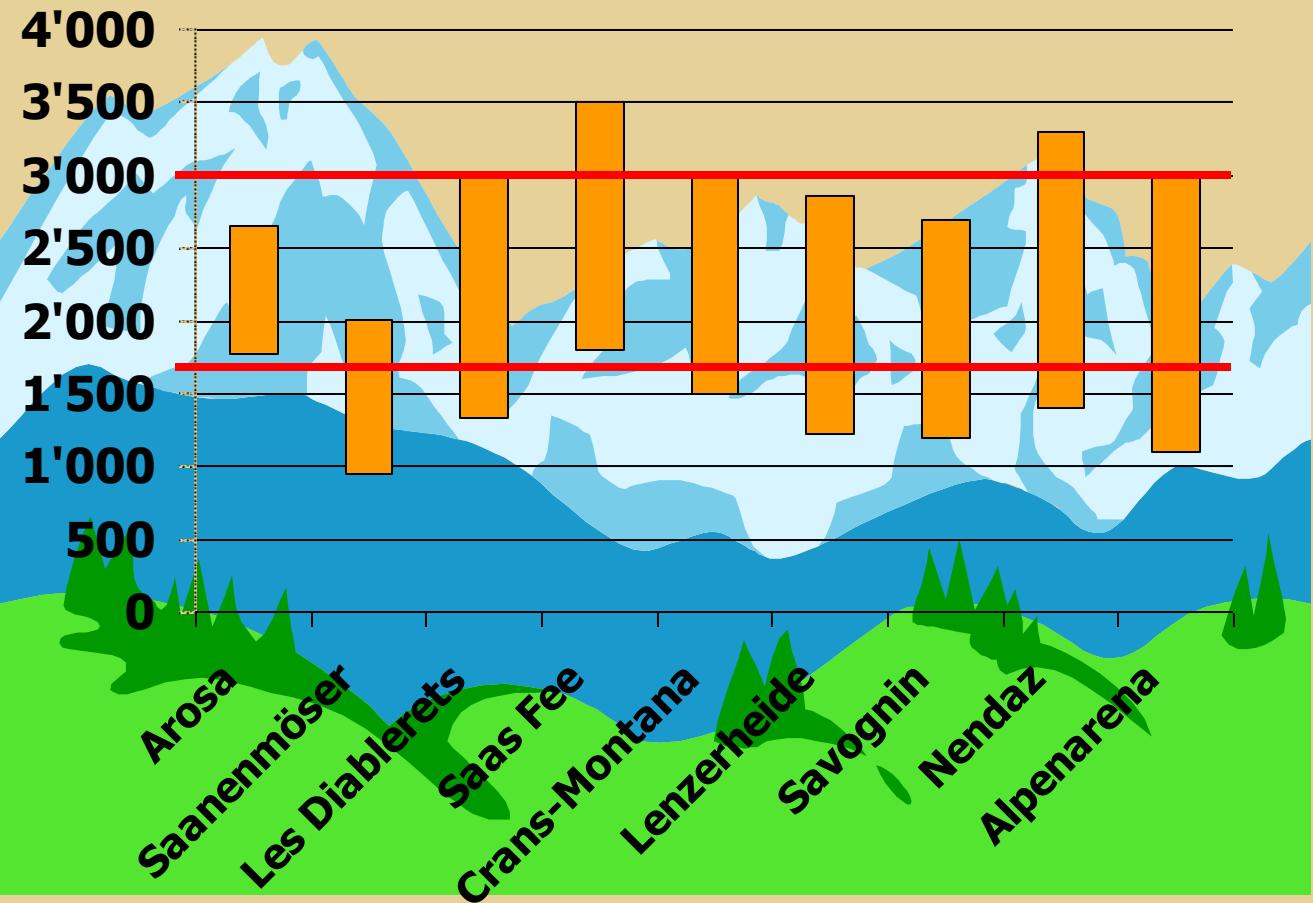
- **Basic requirements**

- Size of the ski area
- Modern lifts & slopes infrastructure
- Numerous and standardised lodging facilities
- After ski offer
- Snow guarantee

- **Upscale requirements**

- International standards in lifts, hotels and other infrastructure
- Quality food & beverage offer in the ski area
- Shopping facilities
- Wellness and leisure offer
- Proximity to jet compatible airport

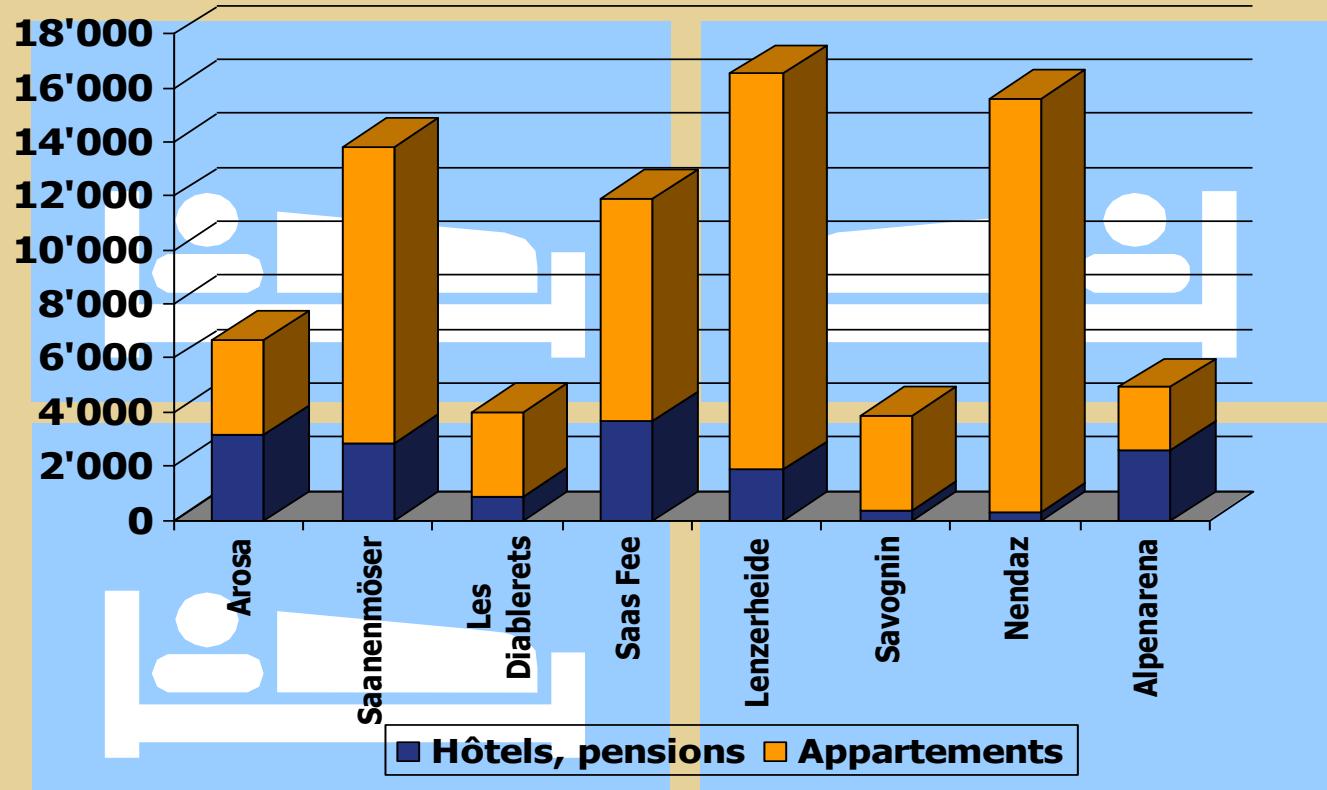
Extremes altitudes



Lodging capacities

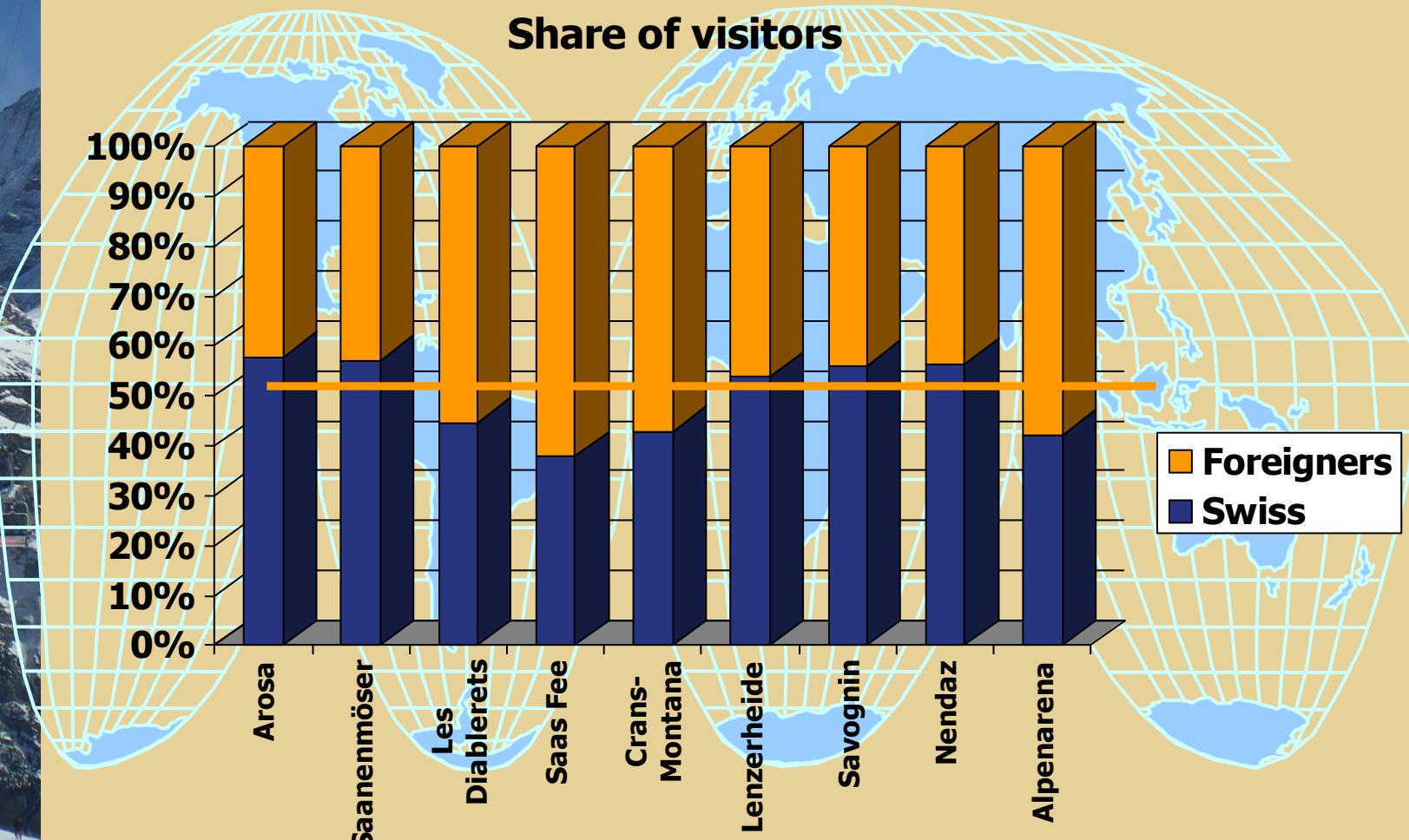


Number of beds



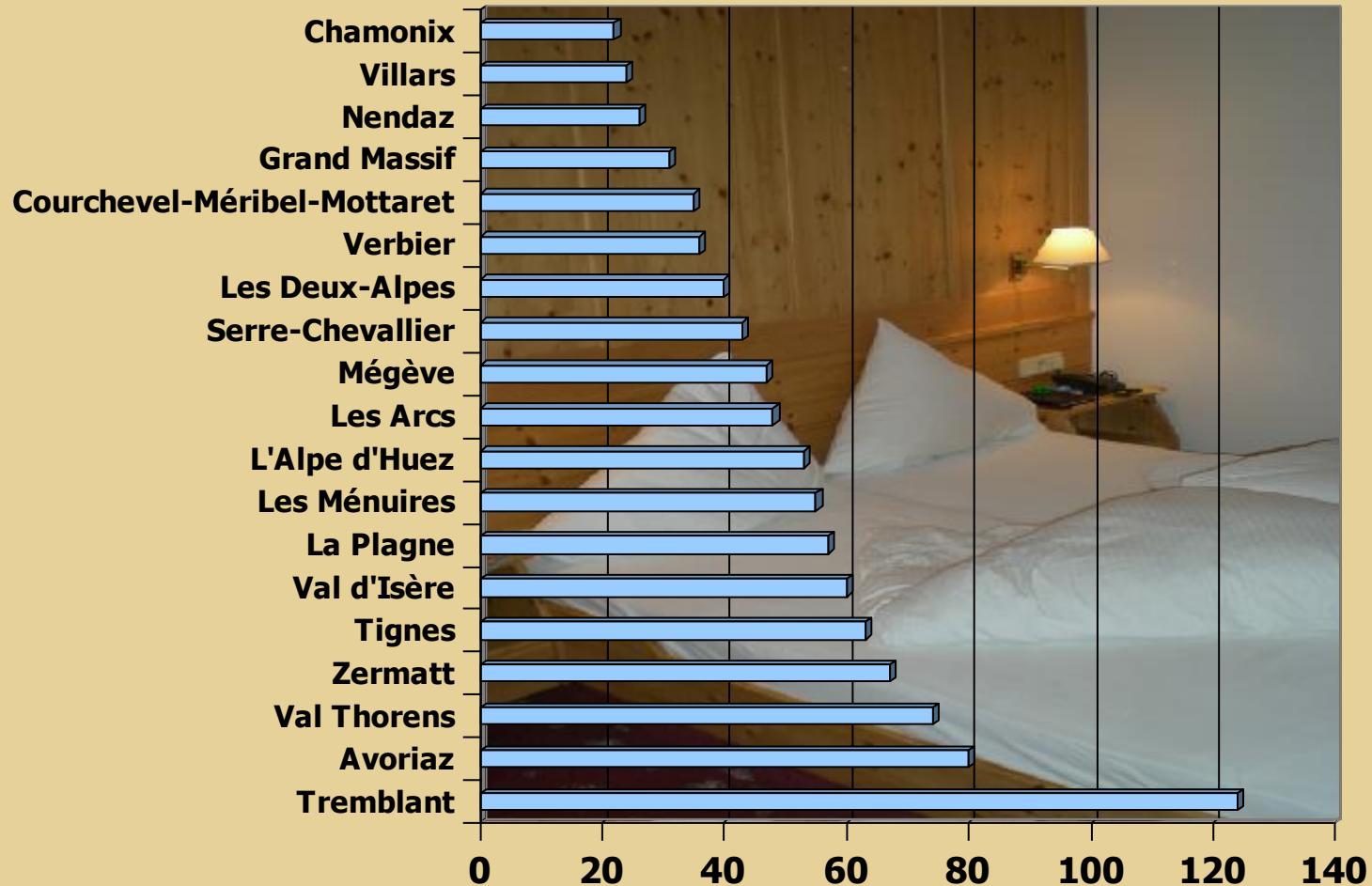
International clients

Laurent Vanat



Skier visits per bed

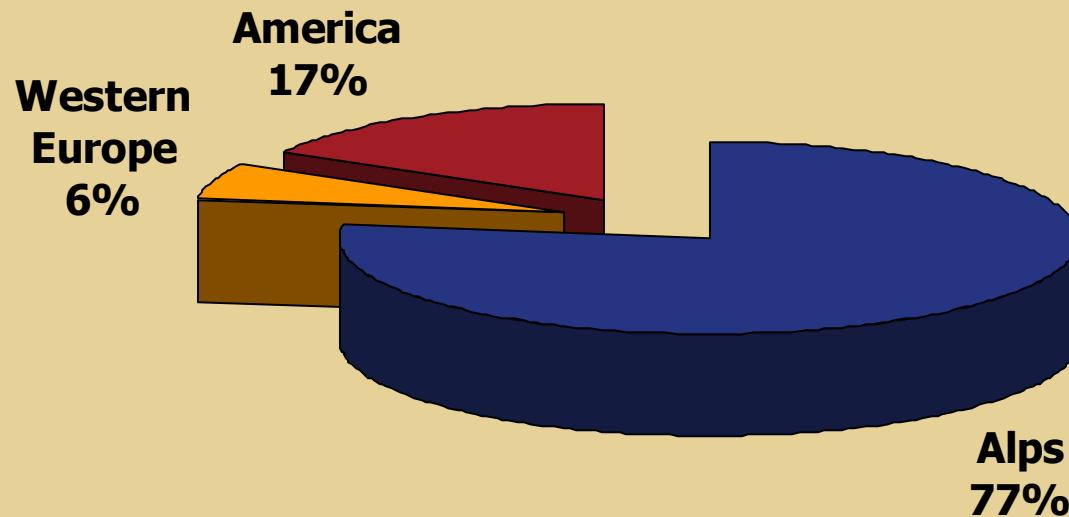
Skier visits per marketed bed (yearly)



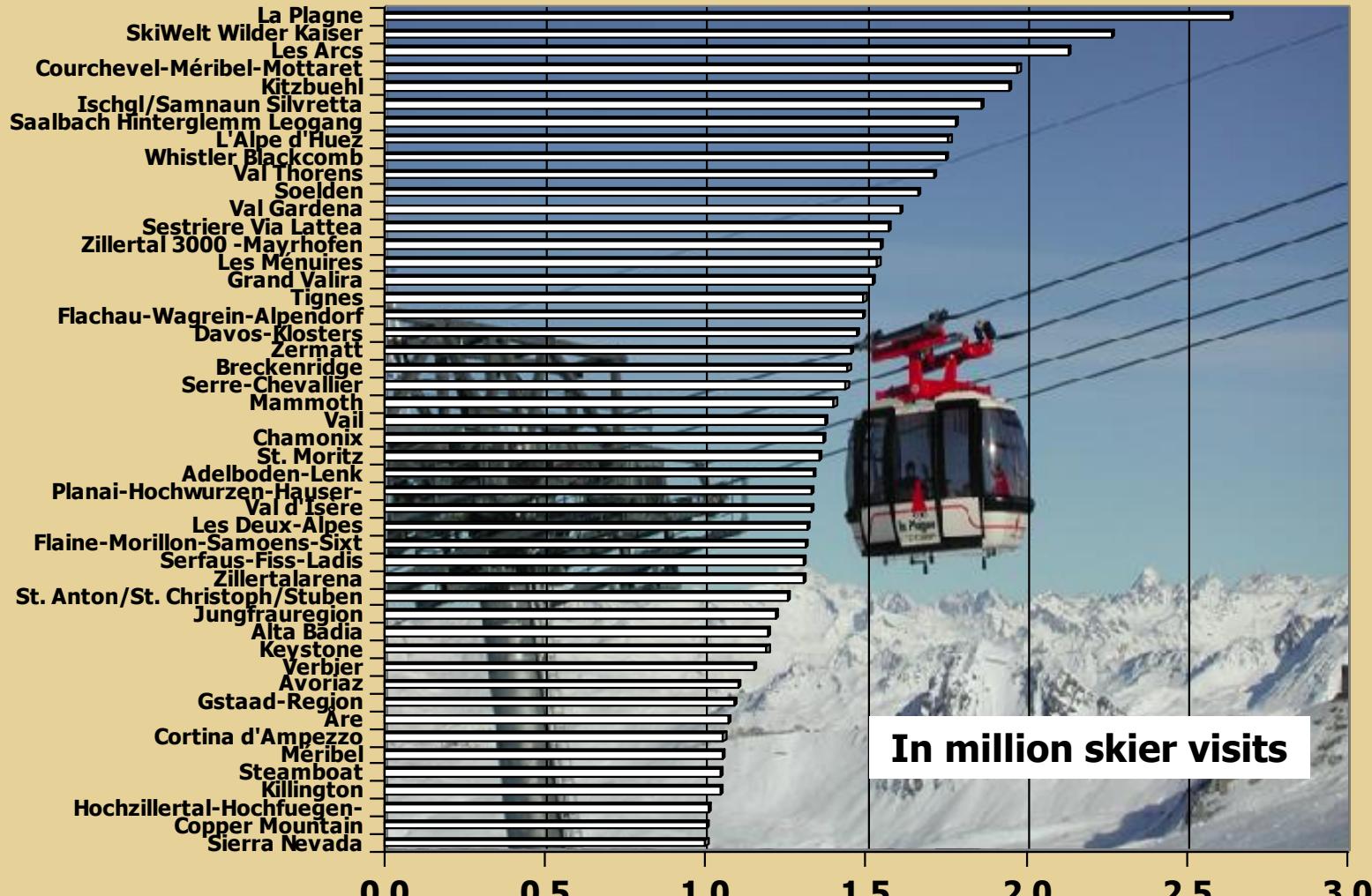


International distribution

Number of major resorts (over 1 million yearly skier visits)



Major resorts



Concentrations

- Multi-site operators limited to **France, Scandinavia and North America**



| | Number of resorts | Total skier visits | Total lifts |
|---------------------------|--------------------------|---------------------------|--------------------|
| Booth Creek | 4 | 2 million | 50 |
| Compagnie des Alpes | 14 | 14 million | 542 |
| CNL Income Properties Inc | 11 | 3 million | 70 |
| Intrawest | 9 | 8 million | 190 |
| Labellemontagne | 5 | 2 million | 124 |
| Skistar | 8 | 4 million | 226 |
| Sofival | 4 | 4 million | 145 |
| Vail Resorts | 5 | 6 million | 134 |

Failures



Laurent Vanat



- **2 multi-sites operators** bankrupted over the last years; resorts have been ceased to other operators
- **Intrawest** in financial difficulties, since it was acquired by Fortress Private Equity

| | Number of resorts | Total skier visits | Total lifts |
|-------------------------|------------------------------|-------------------------------|------------------------|
| American Skiing Company | 7 | 4 million | 131 |
| Transmontagne | 5 | 2 million | 124 |

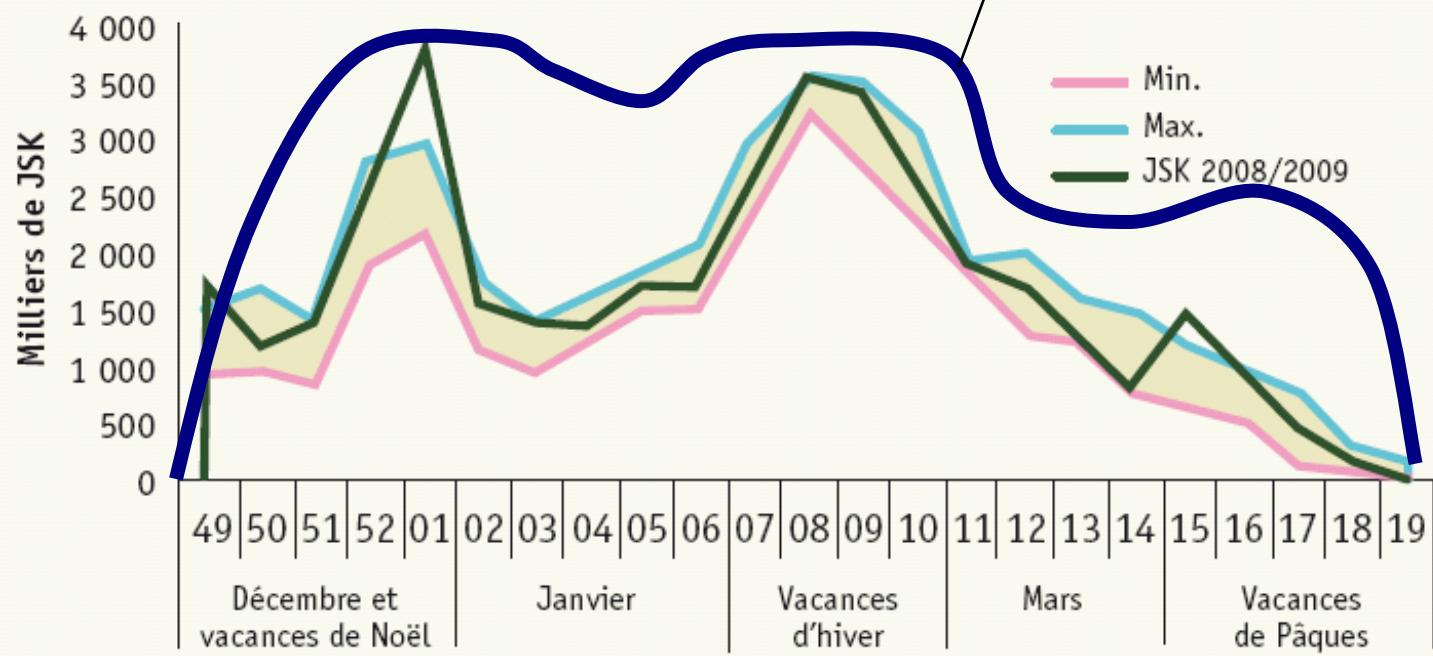
Being international ...

Laurent Vanat



Comparaison par semaine des journées skieurs 2008/2009 aux minimums et maximums enregistrés au cours des 4 saisons précédentes

International resort profile



Source : SNTF

Getting international ...

- Can a local resort become international ?
- How can a resort switch from domestic client base to international ?

Laurent Vanat





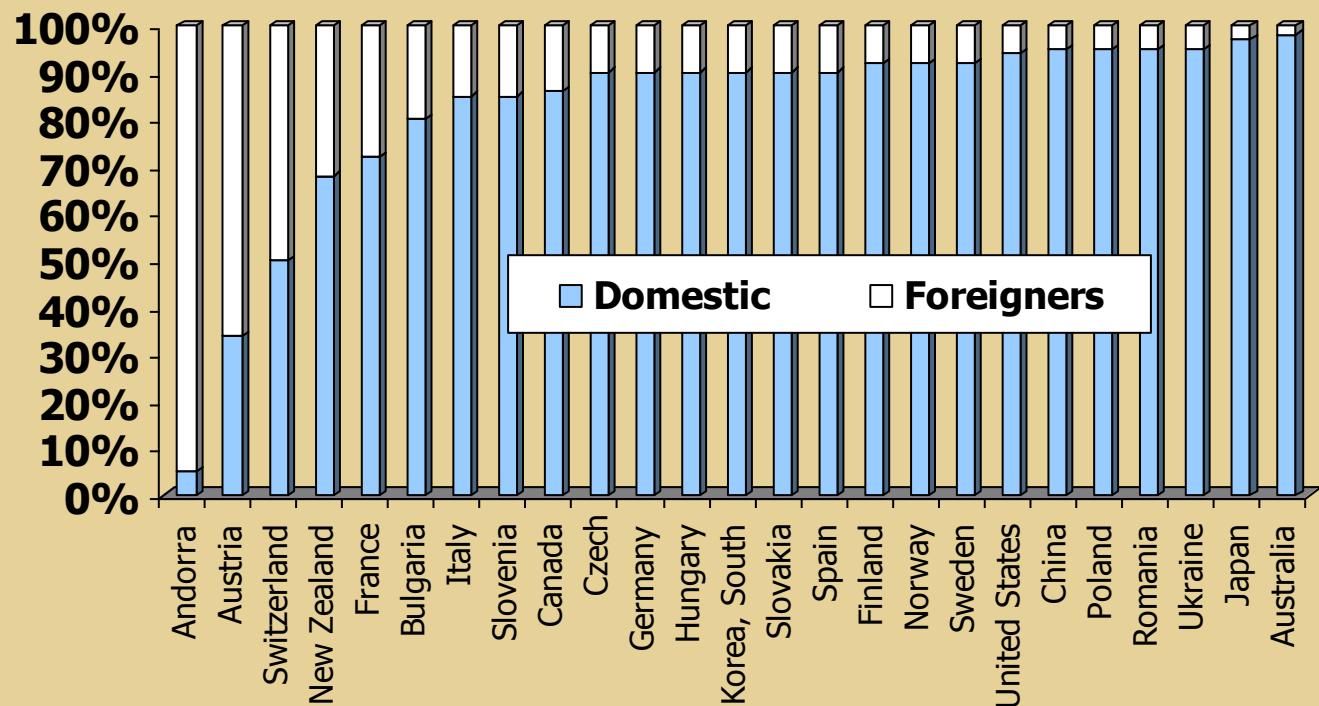
Local or
international ?

Laurent Vanat

National skiers

- Strength of **national customer base** of most of the big players. Foreign visitors concentrate on a few top international resorts.

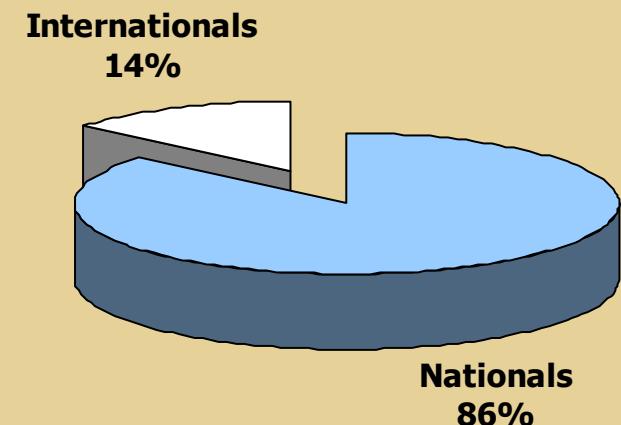
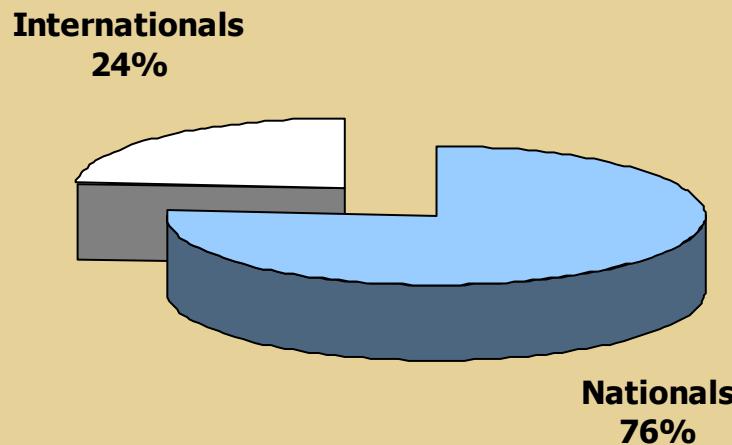
Share of foreign visitors





National vs international

- Share in the **number of skier visits** of foreign visitors is less than one quarter of total attendance
- Share in the **number of skiers** is even reduced (as travelling skiers tend to stay longer)

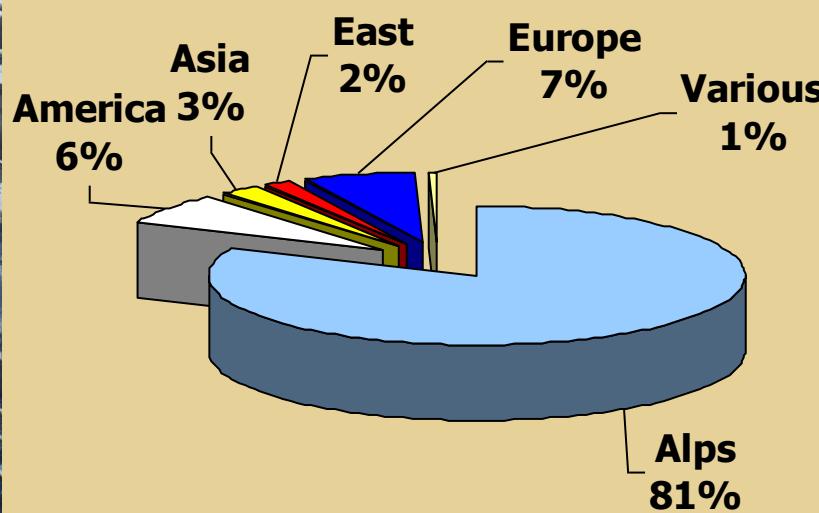


Inbound & outbound skiers

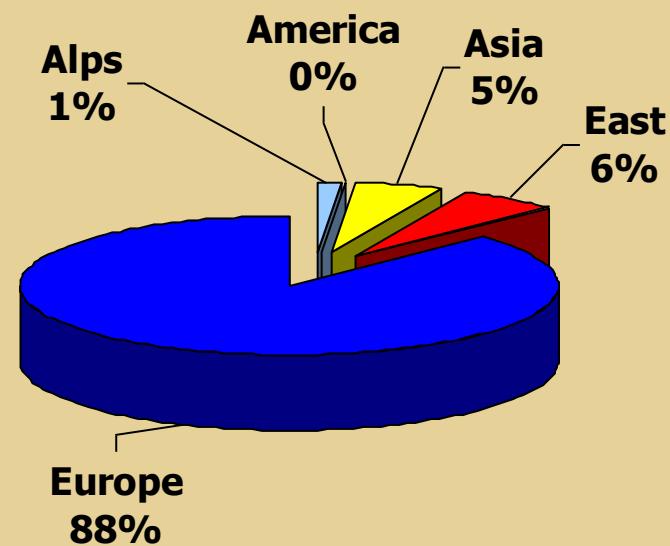


Laurent Vanat

- Share of the various destinations in **inbound international skiers**



- Share of the various home countries of **outbound international skiers**





Skiers' international flows

- Mostly concentrated on intra-European flows





Skiers' international flows

- Overseas skiers : example

Repartition of foreign customers USA

| 2007/08 | visits In % of total skier | Skier visits | Skiers |
|-----------------------------|----------------------------------|------------------|----------------|
| | | | |
| Europe | 1,90% | 1'153'571 | 192'262 |
| Central / South America | 0,50% | 303'571 | 50'595 |
| Canada | 2,00% | 1'214'286 | 202'381 |
| Australia / New Zealand | 0,60% | 364'286 | 60'714 |
| Asia | 0,10% | 60'714 | 10'119 |
| Middle East, Africa, others | 0,50% | 303'571 | 50'595 |
| Total | 5,60% | 3'400'000 | 566'667 |

Source : NSAA 2007/08 Demographic study



Reality check

- Weigh of international customers is limited for most ski destination countries
- International catchments areas are limited
 - Markets size
 - Issue of transportation
 - Travel time & cost
 - Saturation of airport at ski destinations
- Overseas skiers are anecdotic minorities



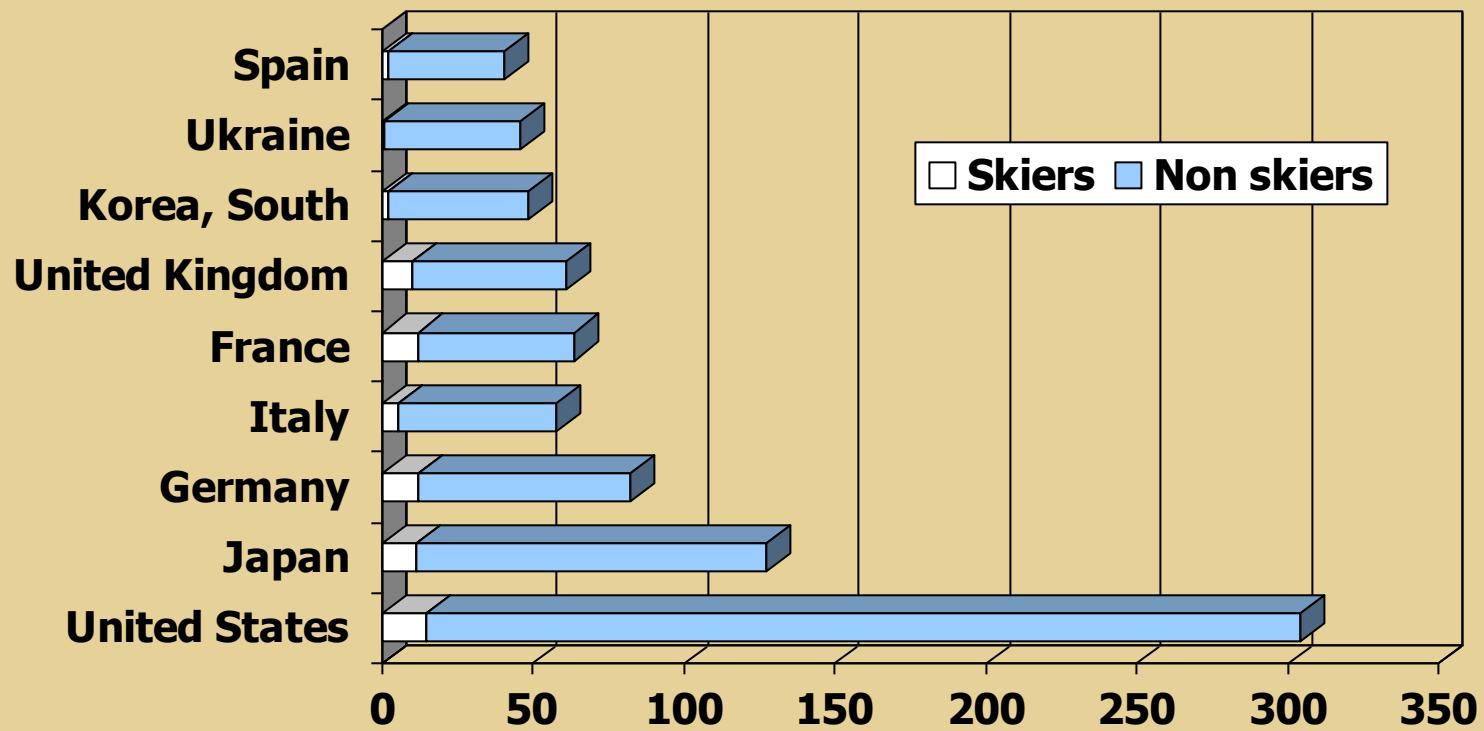
Reality check

- Outbound European markets are not increasing but will be spread over more destinations in the future
 - British customers
 - Romania
 - Slovakia
- New markets are feeding themselves
 - Development of ski in Asia will feed Japan and South Korea



Domestic markets

- Huge domestic potential in many major markets



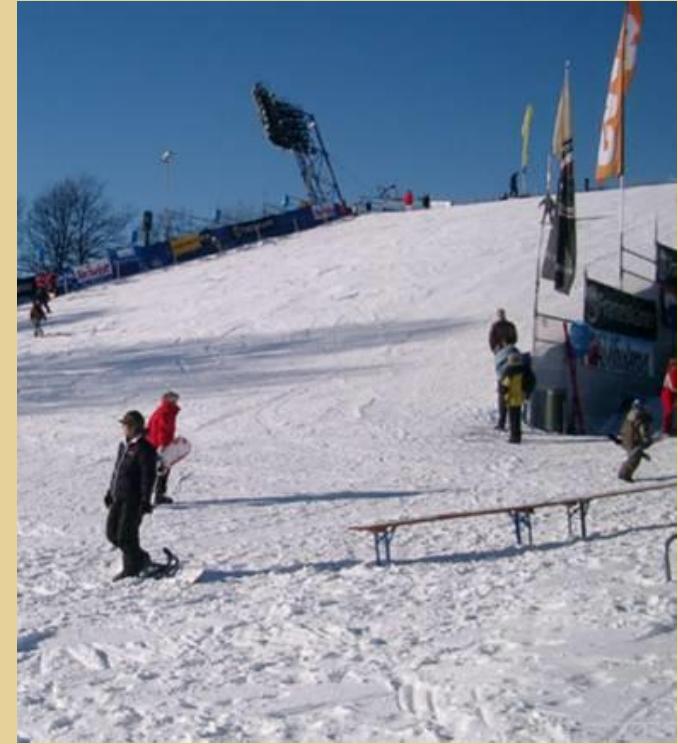


Where to invest ?

| Assumption (worldwide) | Impact on the worldwide skier visits |
|--|--------------------------------------|
| Increase of 10% of international attendance | +2% |
| Increase of 1% of the practice rate of national skiers | +12% |

Urban ski

- Mostly promotion actions for ski resorts or suppliers
 - Salomon Winterwelt in Muchen Olympic Park
 - Europa Park, Rust, during winter holidays
 - Geneva, la Treille and M-Park shopping centre
- Slopes 10 – 200 meters, focused at children



Awareness & initiation

- Québec « **Mobile ski resort** » to familiarise children with ski practice
 - Magic carpet
 - Mobile ski rental shop



International campaigns

- Maybe more sexy, but less effects



Allalin, Saas-Fee|Valais
MySwitzerland.com



The lessons of the crisis

- **In adverse economic conditions :**

- Decline of foreign customers
- Increase of local customers
- Better occupancy of second homes
- More skiers on a daily basis
- Decrease of demand for hospitality

➡ **Strength of local customer base, more resilient**



Conclusion

- Little streams make big rivers
- There is not one magic solution
- Any effort to get skiers accounts
 - Efforts on national
 - Efforts on international
- No way shall be neglected ...

... and by excellence the development of national customers !

Further reference

- www.vanat.ch
 - Page « Publications »

Laurent Vanat

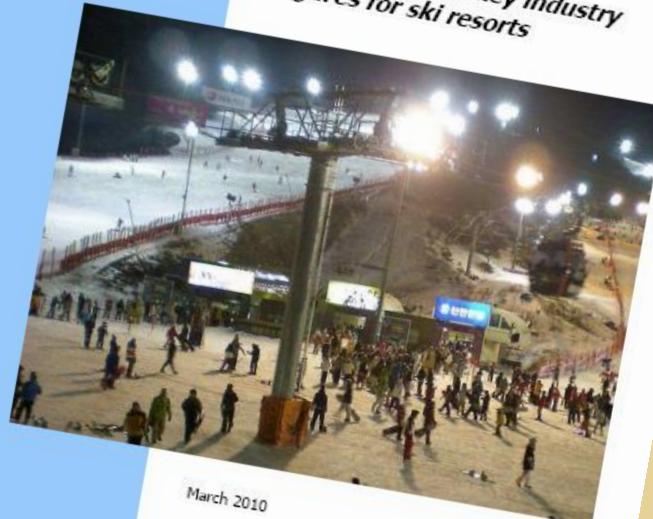


Laurent Vanat

Laurent Vanat
Consultant
19, Hautele
CH-1224 Genève

Tel / fax / messaging :
(+41) 022 349 94 40
Celltel : 079 329 49 49
Internet : www.vanat.ch

2010 International report on mountain tourism
Preliminary issue
Overview of the key industry figures for ski resorts


March 2010



**Laurent Vanat
19, Margelle
CH - 1224 Genève
Tel / fax / messagerie : +4122 349 8440
Courriel : vanat@vanat.ch
Internet : www.vanat.ch**

Laurent Vanat