



Mid-Season Ski/Snowboard Outlook - Good Snow Trumps a Sluggish Economy

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Skier Days Should Rise by Low-to-Mid Single Digits this Year

MARTINSVILLE, N.J., Feb. 22, 2011 /PRNewswire/ -- This year is proof that in the snow sports industry, good snow heals all wounds. Despite a stubbornly high unemployment rate and a slow start to the season, things seem to have picked up. Resorts in the western US are now starting to see the snowfall totals build and the guests arrive in droves. For example, Vail Resort in Colorado recently reported that current season-to-date snowfall totals have been the 4th-highest since the resort opened in 1962 and are 50% above average for this point in the season. With all of this snow on the ground, the pent up demand from consumers that were forced to cut back or altogether eliminate their trips during the depths of the recession is starting to come out. With that said, many western resorts are reporting a 10% increase in early-season visits.

Although rising skier days is encouraging, it is also interesting to see an even stronger rebound in ancillary resort spending, in areas such as ski schools, restaurants, and retail. So, not only are people returning to the resorts, they are increasingly willing to open up their wallets once they arrive. In another positive sign for the industry, it seems that daily room rates have stabilized at many resorts, indicating that they are no longer reliant on the deep discounts that kept them afloat in recent years. Even with all of this positive data, it seems that the ultra high-end in snow sports, heli-skiing, may not be as strong. Bookings in this segment are reportedly flat-to-down 20% year-over-year, depending on the company. In prior years, bookings had to be made months, or even a full year, in advance. However, heli-trips can be had with just a few weeks of planning this year. Those interested in such trips are increasingly searching for value and becoming more selective as the number of available options increases. If a trip offering good snow and a quality experience is not available at a price they find appealing, they may wait until one is. Further highlighting the shifting dynamics in this industry is the recent advertisement of Alaskan heli-trips available for purchase through Costco, with a basic package starting at just \$999.99 for a 3-day, 25,000 vertical-foot excursion. These trends are echoed across the broader luxury travel industry, and are not exclusive to the high-end ski segment.

While good snow and an improving economy have undoubtedly driven the strong results thus far at traditional resorts, many have been proactive -- thinking outside of the box -- to attract business.

For example, Timberline Lodge Ski Area in Oregon now offers a "Parenthood Pass," a pass transferable between parents that makes it a little more affordable to take turns making runs with their children. Other resorts have jumped on the smartphone bandwagon, offering apps that allow skiers to record their vertical feet and position on the mountain, and then share the information with friends and fellow skiers via social networking channels. Even state governments have gotten involved in promoting the ski industry. As they recognize that states with large ski industries need resorts to perform well to drive their economies, the governors of seven states declared January "Learn to Ski and Snowboard Month." In an effort to attract new people to winter sports, the states worked with participating resorts to offer discounted, and in some cases free, beginner rental and lesson packages. Though full-month statistics are not yet available, early indications are that participation in the program from resorts and skiers has nearly doubled over last year.

Both resorts and retailers alike are also focusing on the growing number of skiers/riders engaging in backcountry and freestyle skiing. Long known as the king of the backcountry, apparel maker North

Face has been looking to capitalize on the growing popularity of freestyle. The company recently signed on to be the official outfitter of freeskiers in the 2014 and 2018 Olympics. Its gear will clad the likes of gold medal-winning freestyle snowboarder, Shaun White, who was recently named by Bloomberg Businessweek as the nation's second-most powerful athlete. With regards to backcountry growth, I can personally attest to the growing popularity of this segment, as the younger generation increasingly seeks less-crowded, untouched powder. In a recent trip to Silverton Ski Area in Colorado, I witnessed strong attendance despite less-than-ideal snow conditions that day. Advanced skiers, myself included, are attracted to Silverton because it offers some of the best extreme-skiing in the lower 48 states, with terrain accessible by foot, helicopter, and only one chair lift. The growth in this area was echoed at the 2011 SIA Snow Show, a yearly snow industry trade show. Many companies emphasized new products targeted at the "sidecountry," designed to have the ability to tackle off-piste terrain but also have the versatility to handle traditional resort trails.

The early part of this season has demonstrated that those with a love for snow sports will find their way to the slopes when the snow is deep, regardless of the economy. It will be interesting to monitor the growth of non-tradition skiing and ski resorts in the coming years, and how the younger generation will sculpt the industry's future. Overall, it seems that this will be another strong year as the industry continues to recover from the recent economic downturn. With a favorable holiday schedule that has Easter -- the unofficial closing for many resorts -- coming almost a month later than last year, combined with robust snowfall totals, total skier days are likely to grow in the low-to-mid single digits over last year.

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