

REINVENTING SUMMER

A spate of new activities has given new life to summer operations.

BY PETER OLIVER



Photo courtesy of Wisep

Summer has long been a season of quandary for ski resorts. Winter ends, revenues dry up, valuable employees are laid off or left twiddling their thumbs, and facilities and lodgings go underutilized. But as the options for summer operations grow, so do the number of winter resorts that are tapping these options.

Overall, summer revenues at ski resorts remain fairly modest, about eight percent of total revenues on a national basis, says Dave Belin of RRC Associates. “But there has been a slow, steady movement of resorts trying to dip their toes in the water of leveraging their assets into summer,” he says.

Resorts once routinely turned to golf and tennis, but they aren’t for everyone. Golf in particular comes with a hefty price tag. Construction costs for a mountain resort course run between \$5 million and \$10 million, according to one course construction contractor, with annual maintenance running in the \$1 million range. Given the state of golf, it’s not easy to turn golf into positive cash flow.

But other, more cost-effective activities are coming into play, including ziplines, Alpine slides, Mountain Coasters, disc golf, and mountain biking. With these, the initial costs are lower, and the returns faster.

BROMLEY: ZIPPY FUTURE

Bromley, which took the plunge into summer ops decades ago with the Alpine Slide, has built up a substantial summer business over the years. To continue that trend, it has installed two of a planned four ziplines for this summer. The decision to go with the ziplines, manufactured by ZipRider, was based on business fundamentals—initial construction costs, operational costs, and return on investment—says Bromley president Rich Wiseman. But the decision also took into account an activity that fit in with Bromley’s overall summer program, as well as its position in the regional summer market.

In choosing the ZipRider, Bromley looked at where the resort fits into the regional picture of summer recreation. Other nearby resorts, notably Stratton and Okemo, have built up successful golf and tennis programs, whereas Bromley, with its Alpine Slide as a featured attraction, has been in the adventure-park business for more than 30 years. Rather than go head-to-head with its neighbors in targeting the older demographic typically associated with activities like golf, Bromley remains focused on a younger, family-oriented crowd. Wiseman expects the ZipRider to be particularly effective

in reaching 18- to 25-year-olds.

The initial development cost of Bromley’s first two ziplines was \$800,000, according to Bill Cairns, Bromley’s director of resort operations, with the total build-out in adding two more lines within the next three years running to about \$1 million. While that is no small chunk of change for a modest-sized resort, it is still far below the cost of building a golf course or many other alternatives. In addition, operational costs are fairly low, with only four to five employees needed to run the two lines. Wiseman expects that the ZipRider will pay for itself within 2 1/2 years.

For Bromley, it seems a perfect fit. “What sold us on the ZipRider was how well it fit into our existing park”—which includes an Alpine Slide and water slide—“and that it could also be a stand-alone attraction,” says Wiseman. In that regard, Bromley expects to maximize ZipRider revenues by operating it through the winter. The main challenge for winter business, says Cairns, will be to accommodate slower lift speeds for ZipRider traffic, on foot, and higher speeds for skiers and riders.

The ZipRider is also part of a conscious effort to generate a greater percentage of annual revenue from summer business. “Our skier base is going to



Left: Keystone invested a lot of time and money into its bike park and the commitment has paid off—it has cornered the mountain biking market in Summit County. Right: Bromley expanded its already sizeable summer offerings with new Alpine slides and zip lines. The area will run the zip lines year round.

remain relatively flat,” says Wiseman, “and our summer business is where we can grow.” He notes that the per-capita expenditures of winter visitors exceed those of summer guests, but summer activities appeal to a broader audience.

Cairns estimates that summer revenues currently represent about 20 percent of Bromley’s overall business. Not a bad number, but Wiseman wants more. “If we can get up to 30 to 40 percent, that would be terrific,” he says.

Ziplines are going in at several other resorts this summer. But they are not the only additions with potential to pull in new revenues. They are not even the only year-round possibility. And that illustrates the growing range of choices, and considerations, that go into weighing summer ops options.

WISP: COASTING ALL YEAR

Case in point: Wisp’s Mountain Coaster. In choosing to install a Wiegand Moun-

tain Coaster last year, Wisp, located in western Maryland, took a number of factors into account. For starters, says resort president Tim Prather, the resort was looking for an activity that, while summer-oriented, could be offered year-round, as an alternative to skiing when snow conditions were less than optimal—not an unlikely scenario in a mid-Atlantic setting. That meant finding an activity that could be operational in all weather conditions.

Wisp is also in a position where it doesn’t have to draw summer visitors to the region; a nearby lake has already made the area a popular summer destination. “We don’t have to market the area, because of the lake,” says Prather. “Our challenge is getting people off the lake.” It has met that challenge by offering a barrage of activities: golf, disc golf, fly-fishing, paintball, mountain-buggy rides, the Mountain Coaster, and more.

The coaster has proven remarkably successful. The resort sold 100,000 rides

in its first year of operation, says Prather. While skiing is “still our biggest-ticket item,” he says, the Mountain Coaster, almost literally, is giving skiing a run for its money. In the original proposal Wisp took to the bank for financing, the pay-off time frame for the initial \$1- to \$2-million installation was projected to be three years. Prather now expects that payoff to come within two years.

KEYSTONE: SUMMER PARK

Mountain biking is certainly not a new summer activity for ski resorts. It seemed to swoon for a while around the turn of the millennium before catching a second wind in the last couple of years, fueled by interest in lift-serviced downhill riding, and bike parks in particular. That’s the experience of Greg Rood, the bike-park manager at Keystone. On a busy weekend day, Keystone will scan more than 500 lift rides for its 55-mile bike park. “We’ve seen a 30 percent growth in

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the last couple of years,” Rood says.

If there is a lesson to be learned from looking at Keystone’s mountain-biking program, it is perhaps best summed up in a single word: commitment. As one ski-resort consultant says, “you can’t just open up your lifts and say you have mountain biking.” You need to put in the time developing a quality trail network, and that can mean a considerable investment. Although many trails can be built simply by staking out routes and allowing riders to “ride in” trails, Rood says that the creation of “slopestyle” courses requires more investment. Similar to snowsports terrain parks, with various man-made features, slopestyle courses require heavy machinery to build and groom courses, and can cost up to \$1 million.

But beyond the capital commitment for development costs, a resort must commit itself to identifying and reaching its target populations and differentiating itself from its competitors. On the second point, Rood says, “We have the mountain-bike market bottled up in Keystone.” Keystone’s success, he claims, has discouraged its principal Summit County competitor, Copper Mountain, from building a bike park of its own. (Copper has, instead, focused on the recently-opened Woodward at Copper, a year-round training center for aerial-oriented adventure sports.) Sister resort Breckenridge also leaves the bike-park market to Keystone.

It is not, however, accurate to use the singular word “market.” Keystone has focused much of its recent trail-construction efforts on developing challenging, black-diamond terrain, in an effort to capture a local market as well as Colorado’s Front Range market, with a high percentage of skilled, experienced riders.

But the next challenge is expanding the destination-traveler market, with its different demands and demographics, and where Keystone sees considerable growth potential. Reaching that market means a very different focus in trail development, with more beginner and intermediate terrain. Rood sees an addi-

tional source of revenue potential in lessons, which Keystone currently does not offer.

SUMMER’S BOTTOM LINE

For the time being at least, winter will remain, overwhelmingly, the primary revenue-generating season at ski resorts. Wiseman’s goal of 30 to 40 percent of overall revenues from summer seems like the upper limit for most resorts, even one like Bromley that already has a well-established adventure-park business. But by intelligently choosing activities with relatively low start-up and operational costs, resorts have a real chance to turn a net profit in summer and make productive use of the winter infrastructure. (To see what it takes to make a good choice,

see opposite page.)

And a healthy summer business, of course, brings the added benefit of enabling resorts to maintain key-personnel continuity. While summer business doesn’t eliminate all seasonal layoffs, it can allow a resort to retain key staff in operations, management, and marketing.

In short, a well-chosen and well-positioned roster of summer activities can go a long way toward turning summer into a season of opportunity and profit, rather than quandary. In summertime, the livin’, and the business of making a livin’, can be easier than many resort operators might think. ■

SAM will continue to cover summer attractions, including canopy tours and summer tubing, in upcoming issues.

SUMMER ATTRACTIONS SUPPLIERS

Alpine Products, LLC
Alpine slides and coasters
www.alpineprod.com
(802) 362-2203

Amaze n' Mazes
mazes, concession management
www.amazenmazes.com
(970) 531-5334

Bonsai Design Inc.
tree canopy tours
www.bonsai-design.com
(970) 255-7393

Eurobungy
bungee towers, climbing walls
www.eurobungy.com
(305) 252-1422

Rain Drop Products
water features
www.rain-drop.com
(419) 207-1229

Ride Entertainment Systems
attractions and financing
www.rideentertainment.com
(410) 643-9300 x 304

Ropes Courses, Inc.
ropes course structures
www.ropescourseinc.com
(269) 673-0016

Sam Geise Engineering
Alpine slides and coasters
www.sgeise.com
(570) 490-2818

Spectrum Sports International
climbing walls and apparatus
www.spectrumsports.com
(435) 792-3883

Vertical Reality
climbing walls and bungee towers
www.verticalreality.com
1-877-632-6444

Wiegand Sports USA
Mountain Coaster
www.wiegandslide.com
1-866-377-2169

ZipRider
ziplines
www.ziprider.com
(435) 336-8800

ARE SUMMER OPERATIONS RIGHT FOR YOU?

By Claire Humber, SE Group, and David Belin, RRC Associates

There have been many discussions among winter resort operators and developers about the need for creating a vibrant four-season business. It is increasingly difficult to maintain a sustainable business operation with just a winter product. In addition, challenging climatic conditions demand flexibility in the resort business model. Resorts need the ability to respond to bad/inclement weather, and adjacent resort real estate development creates demand for year-round activities.

There are endless possible solutions to these challenges. Popular attractions range from the traditional scenic lift rides and golf to high-thrill Alpine Slides and ziplines. More passive pursuits, such as educational programs, concerts and festivals, also serve well, as do weddings, reunions, retreats, and meetings.

How do operators choose the magic combinations that are right for their resorts? Many, even those with a successful summer track record, have tried some activities that failed to meet their expectations. Is there an alternative to the “hit or miss” approach?

Moving into summer operations requires research. Ski area operators understand the winter business—the product, the market, their customers. Multi-season business is another matter. Winter guests often have a very different profile than those who might visit in the spring, summer, or fall. A disciplined understanding of the four-season tourism potential is necessary to develop a strategic approach, one that targets the significantly larger demographic of the summer market and increases the likelihood of successfully integrating year-round attractions into the resort.

A strategic approach to four-season business should blend an understanding of the regional market with the realities of the physical site conditions, operational considerations, and financial costs/benefits. The process should ask bigger picture questions, such as:

- What are the regional demographics? What is the size and demographic makeup of your resort’s market area? What is the current level of four-season tourism activity within the market—what are residents and visitors currently doing in their leisure time?
- What attractions are appropriate given the resort’s existing and potential market demographic? What is the potential visitation opportunity that would result from the implementation of specific multi-season recreational activities?
- What neighboring attractions exist? Would they be competitive or complementary?
- What existing physical site characteristics are conducive to the installation/operation of various attractions? Are there any environmental sensitivities in these areas that need to be considered? What are the regulatory issues?

- How does each attraction relate to a resort’s vision? Existing infrastructure? Other attractions?

- What guest service space may be utilized?
- What impact would potential attractions have on year-round employment opportunities at the ski area?
- What is the potential return on investment (ROI)?
- Can components be phased in?

This approach looks at your resort as a “tourism destination” within the broader context of your regional marketplace. This helps you quantify the potential visitation and revenue opportunities, and also provides greater clarity about the interests of your potential visitors. A big-picture strategy looks at these factors in the context of your specific marketplace and within the context of your operational goals. It does much more than simply consider the available terrain or facilities, or the many available options for amenities and attractions.

Projected economic performance also guides the selection of a recommended or “preferred” program for multi-season recreation. To perform an initial financial assessment, you should collect, compare, and review operating and modeling assumptions for all the various proposed facilities and/or activities. This includes identifying:

- capital costs
- price points
- facility and/or activity throughput
- potential demand and utilization
- revenue per visit
- potential payback for each facility and/or activity.

A complete understanding of the capital costs and potential for return has to be an important part of this decision making process!

This strategic approach will force you to examine several important criteria to determine which multi-season recreation elements have the greatest potential for success. Criteria include:

- suitability of available land for recreation facilities and/or activities
- operational compatibility with existing facilities
- initial fiscal considerations
- visitation potential.

All these criteria should be explored and understood.

Undertaking such a comprehensive exercise will lead to a multi-season recreation program that includes recreation facilities and/or activities that would be suitable for your resort and are in line with your operational goals and performance expectations. Rigorous study of the factors described above minimizes the hit-or-miss nature of forecasting and increases the chances of successfully integrating multi-season operations.