



Resort Development

Tourism is the Driver — Cooperative Spirit is the Key

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IMG

Ski Resort Management



Topics

- Tourism (China)
- Managing Agendas
- Australia
- USA
- Canada
- China
- Olympic Legacy



Tourism

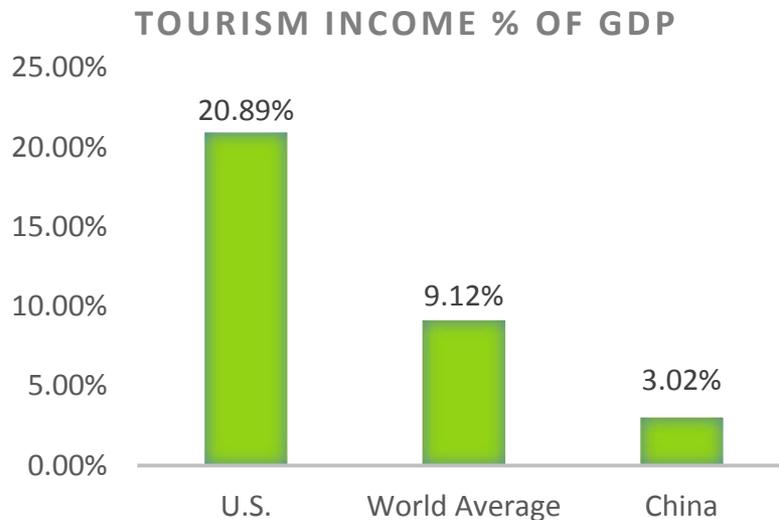
The World Travel and Tourism Council projects that China's investments in tourism, estimated to total **US\$278.7 billion**, will overtake the USA by **2025**.

It forecasts the tourism industry will help create **72.9 million** new jobs, with **23.2 million** direct employment in the industry



China Tourism Market

- a Huge Potential Compared to US



In 2014, China's tourism % in total GDP is over 4%, and is expected to be over 5.0% in 2020

By National Tourism Bureau

Despite the fast growth of China tourism market, its % in total GDP (merely 3% in 2010) is still far behind U.S. (20.89%), even much lower than world average (9.12%), indicating further great potential for the industry

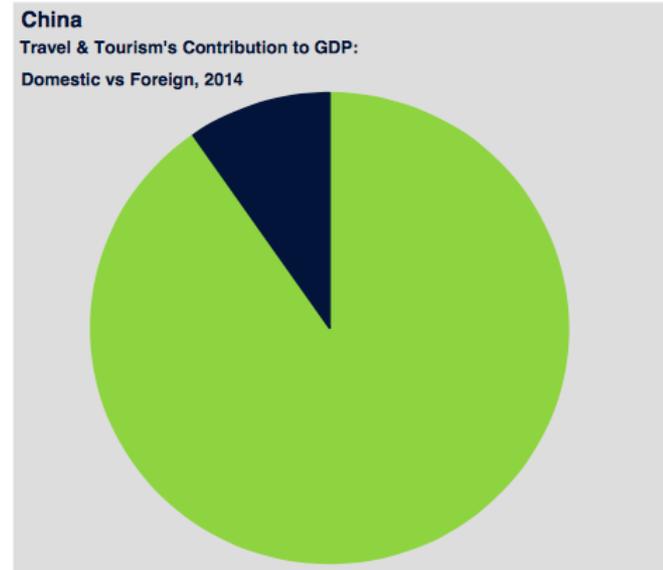
China Tourism Market

- a Huge Potential Compared to US

- Leisure travel spending is expected to grow by 6.4% in 2015 to CNY3,174.8bn(USD508.0bn), and rise by 6.3% pa to CNY5,870.5bn (USD939.28bn) in 2025.
- Domestic travel spending is expected to grow by 7.3% in 2015 to CNY3,740.5 (USD598.5bn)

Foreign visitor spending  **9.7%**

Domestic spending  **90.3%**





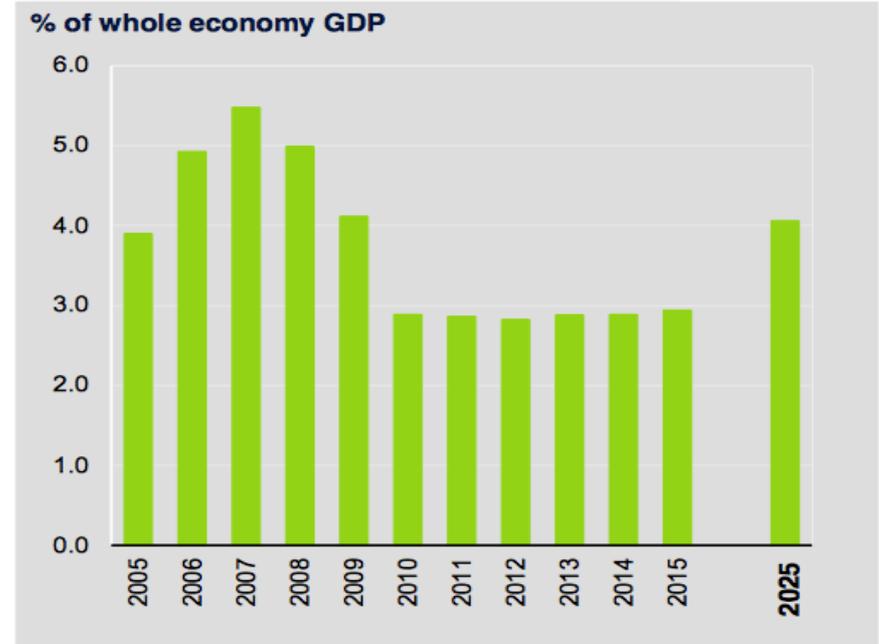
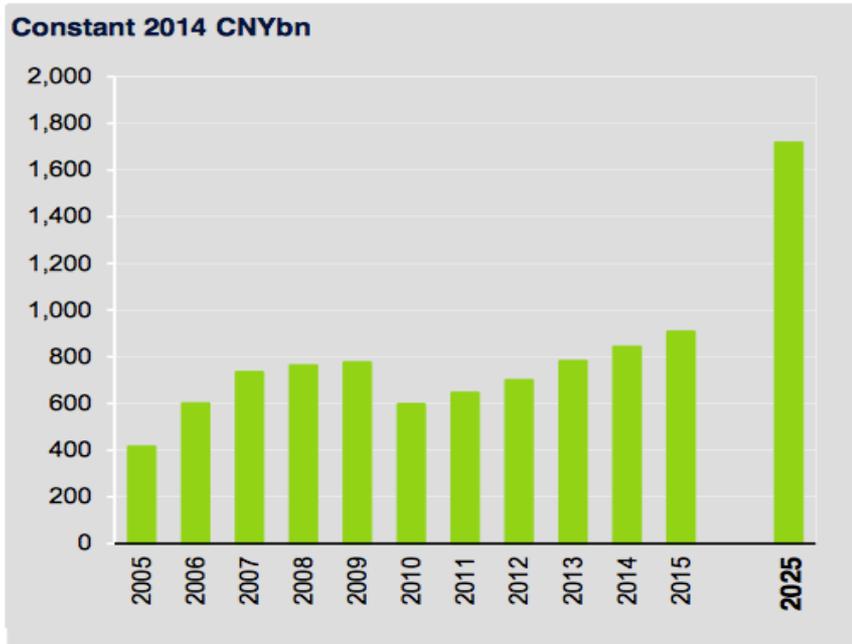
China Tourism Market

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INVESTMENT

- Travel & Tourism is expected to have attracted capital investment of CNY842.6bn (USD134.82bn) in 2014. This is expected to rise by 7.8% in 2015, and rise by 6.6% pa over the next ten years to CNY1,717.2bn (USD274.8bn) in 2025
- Travel & Tourism's share of total national investment will rise from 2.9% in 2015 to 4.1% in 2025

CHINA: CAPITAL INVESTMENT IN TRAVEL & TOURISM



Managing Agendas

An aerial night photograph of a ski resort. The upper portion shows snow-covered mountain slopes with several bright yellow lights illuminating the terrain. The lower portion shows a densely packed town with warm, orange lights from buildings and streets. The sky is a deep blue, suggesting twilight or early night.

“Ski Resort Development Invariably Revolves around Managing Varied Agendas.”



Managing Agendas

“Ski Resort Development invariably revolves around Managing Varied Agendas.”

WHY?

- Public Land
- Great many members of the public with great many firm Ideas on how public land should be used
- Some of these are consistent with ski resort development, some are not.

The Great Debate: is the resort a ‘sustainable use of the land?’



Managing Agendas

The Great Debate: is the resort a 'sustainable use of the land?'

- Environmental Degradation
- Needs to be balanced against the benefits of the development
- This is the job of the Developer – find that balance and minimize the impacts
- If the development can be made sustainable over the long term, with environmental impacts minimized, then there is a good chance that a ski resort development will succeed, as the positive aspects of ski resorts are substantial indeed.



Managing Agendas

Benefits

- Ski areas operating on public lands provide significant benefits to the public, as well as to the government and the operator.
- Stimulating economic development and supporting the domestic economy of many countries.
- Many thousands of jobs are created throughout the world and many communities are almost entirely supported by ski operations.
- Skiing promotes a healthier lifestyle and fosters an appreciation of the outdoor environment and other outdoor recreation values which constitute prime uses of public lands.
- Governments are recognizing the significant public benefit
- Encourage it through responsive and effective policies that constantly address the need for change as conditions warrant.



Managing Agendas

Commitment to Improvement

- Supply drives demand in the ski industry
- Skier visit totals generally increase at areas that have invested in new lifts, improved base facilities, and expanded ski terrain.
- Capital investments that improve the quality and capacity of resorts create additional demand at those resorts.
- As competition with other leisure activities continues to grow, capital investment at ski areas has only become more critical to these operations.
- Ski operators throughout the world must make continual, sequential investments in their resorts to not only grow, but to simply retain existing levels of visitation and remain economically viable under changing economic and environmental conditions.



Managing Agendas

Commitment to Improvement

- Ski areas that have not made on-mountain investments have consistently experienced an erosion of market share
- Ultimately leading to closure of the ski area
- Local communities and regions are often economically devastated,
- Many businesses may close for part of the year, or permanently
- Often driving up unemployment rates
- Private investment and new development often slows
- Experience population decline as they struggle to reinvent themselves.
- **Not in the interest of the government, the ski area operator, or the recreating public**
- Investment and Expansion is required to create the fresh and renewed interest in a resort that is necessary to be a catalyst for increased visitation.
- Investments to adapt to other external factors beyond guest expectations, such as climate change and extreme weather events.



“The Economic Significance of the Australian Alpine Resorts”

- The significant role ski areas can have in stimulating economic development and supporting the domestic economy.
- The presence of Alpine resorts in Victoria, New South Wales and Tasmania means that many snow sports enthusiasts, who would otherwise have travelled overseas to the snow (if the Australian resorts had not been developed) have a high quality Australian snow sports option. This means snow sports enthusiasts can spend on snow sports activity in the Australian economy rather than spending this money overseas.

Economic benefits were provided by the alpine resorts in Australia:

- Total gross direct visitor expenditure generated by the New South Wales Alpine resorts was AUD\$881 million and \$636 million for the Victorian Alpine resorts, a combined total of \$1,517 million.
- Total Government direct tax revenue is estimated at \$237 million, while indirect tax revenue would be \$122 million.



United States



- Public benefits of ski area operations does not end with economics
- In the United States, alpine skiing is the second most popular recreational activity on national forest lands behind hiking.
- Colorado in particular, has a rich legacy of cooperation with the ski industry to provide a quality recreational opportunity to the public. Skiing and snowboarding on national forests offer unique opportunities for children and adults to connect with nature and their landscapes in a meaningful way.
- For a lot of reasons, many governments have recognized the substantial public interest in the continued operation of ski areas on public lands, seeking to not only allow their continued operation and success, but to actually encourage it through responsive, effective policies.



Canada

- Ski Areas operating on Crown Land (with option to purchase Base Area Lands):
(large) Destination Ski Resorts.
- Ski Areas operating on Crown Land (without option to purchase Base Area Lands):
Smaller Ski Areas (i.e. 'Day Areas')
- Ski Areas operating in Provincial Parks
- Ski Areas operating on Owned Land
- Ski Areas operating in Licensed Tenure Areas
(Helicopter / Cat Skiing)

Developers using Crown Land are mandated to balance the pace of Development



China

China Resort Opportunity

China Ski Market Overview

China Population		1,367,820,000
Urban Population	30%	410,346,000
Cold Climate Cities	50%	205,173,000

Potential skier market size	10%	20,517,300
<i>or 5% of the total urban population</i>		

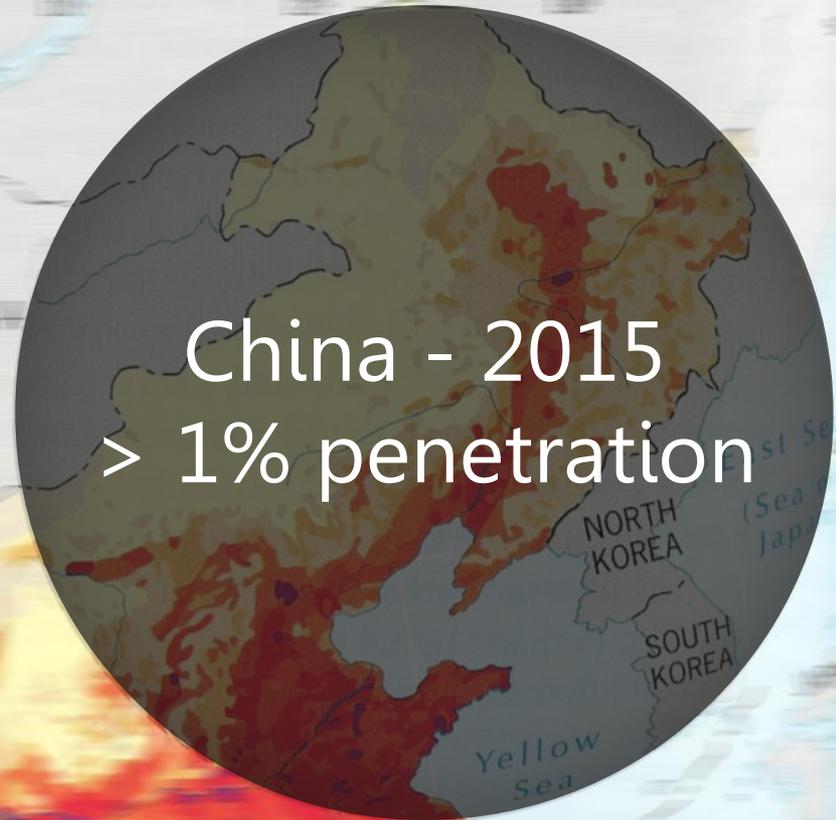
China's total potential skier market is estimated at 15-25M skier visits over the next 10 years as resort quality and consumer interest accelerates



Korea's ski market penetration is 12% based on 5.6M skier visits from a 48M national population.



Japan's ski market penetration is 31% based on current 39M skier visits from a 127M national population. At its peak of 80M skier visits this represented a 67% penetration.





China

China Resort Opportunity

Future Outlook for China Mountain Resorts



Positive Factors

- Investment confidence
- The entrance of international hotel brands
- The trend of four-season resorts
- Integrated resorts prolong guests' length of stay and stimulate expenditure
- Economic growth and rising disposable income
- Rapid growth of the number of skiers:
- China's Bid for 2022 Winter Olympics



Negative Factors

- Underutilization
- Seasonality
- Lack of quality infrastructure
- Short average length of stay
- Competition.
- Lack of repeat skiers
- Inexperienced Management



China

MARKET SEGMENTATION AND TARGET MARKET SEGMENT STRATEGY

Development Model

Link between Resort Operations & Resort Real Estate builds investment return momentum

1 Village centered resort business model starts with the on mountain experience enhanced (improved service, new lifts, snowmaking, grooming, ski school)

2

An animated, active village is launched so people stay longer (hotels, shops, dining, events, entertainment, bars)

3

This attracts more visitors who tell and bring others

4

As attendance increases the mountain operations are expanded

5

More accommodations are built and attractions are added bringing more guests throughout other seasons of the year (spa, golf, mountain biking, fishing, rafting)

6

More people more often, leads to year-round facilities and maximizes retail, hotel, restaurant and convention occupancy and revenue.

7

This creates accelerated demand for resort real estate as occupancy and room rates climb

8

Which drives more activity year-round, maximizing the investment and real estate values



China

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Rapid Acceleration Phase...
...The Olympic Catalyst

Olympic Legacy





Olympic Legacy

Beijing 2022 Winter Olympics

"It will inspire over 300 million Chinese to participate in winter sports if we win, which will contribute greatly to the development of the international Olympic cause"

— Xi Jinping



Lifting from 1% to 21% participation in Winter Sports (including skiing) in the next 7 years





Olympic Legacy

China Sports Industry Sector
Year 2012 and 2025 Projection

Contribution to Economic Growth

will rise from **0.5%** to **1.3%**

Developed Countries, the contribution is between 1% & 3%

USD\$ **800**
Billion



Year 2025

USD\$ **158**
Billion



Year 2012

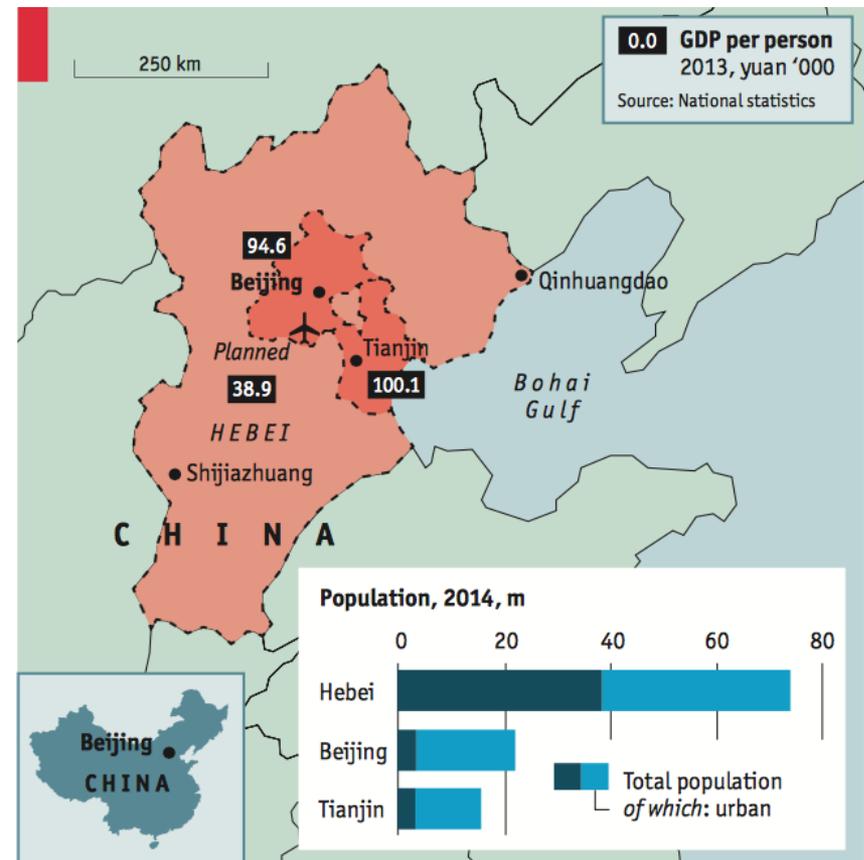




Olympic Legacy

Spin Off Legacy

- Integration of Beijing, Tianjin & Hebei Province
 - Key development strategy of the nation
- Infrastructure and Green Industries will be improved which in turn will help overall reliance on heavy industry
 - Creation of ecological, smart & energy saving hubs (Zhangjiakou) that connect the neighboring regions
- Boost overall tourism to the region
- Squash pollution
- Unrivalled infrastructure: Roads, Aviation, High Speed Rail
- A healthier, happier and more active population

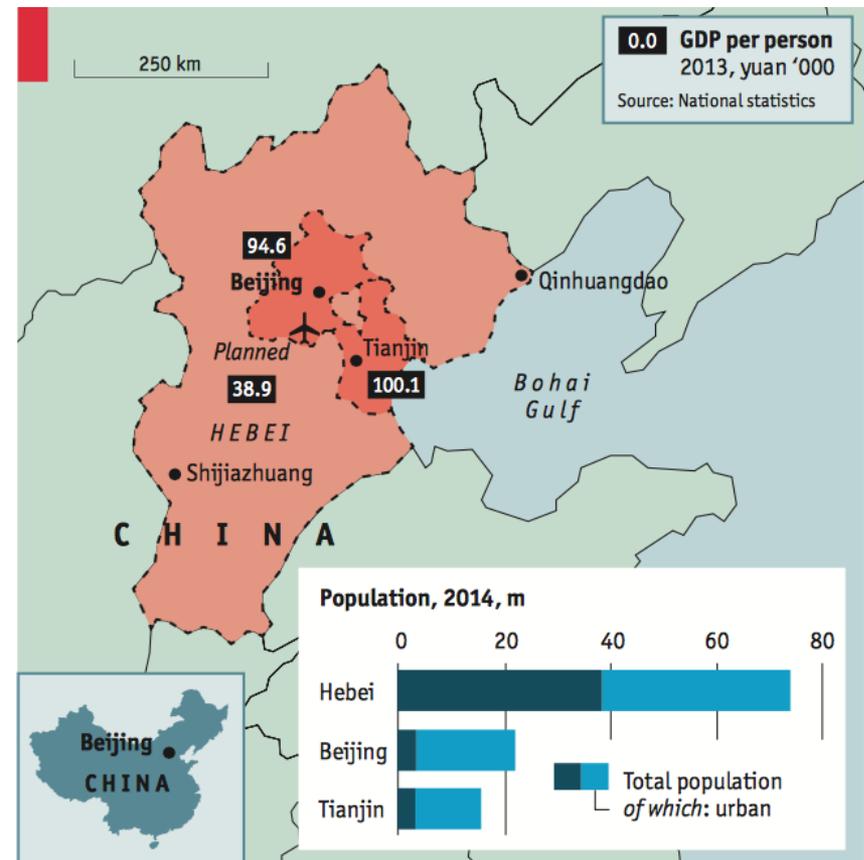




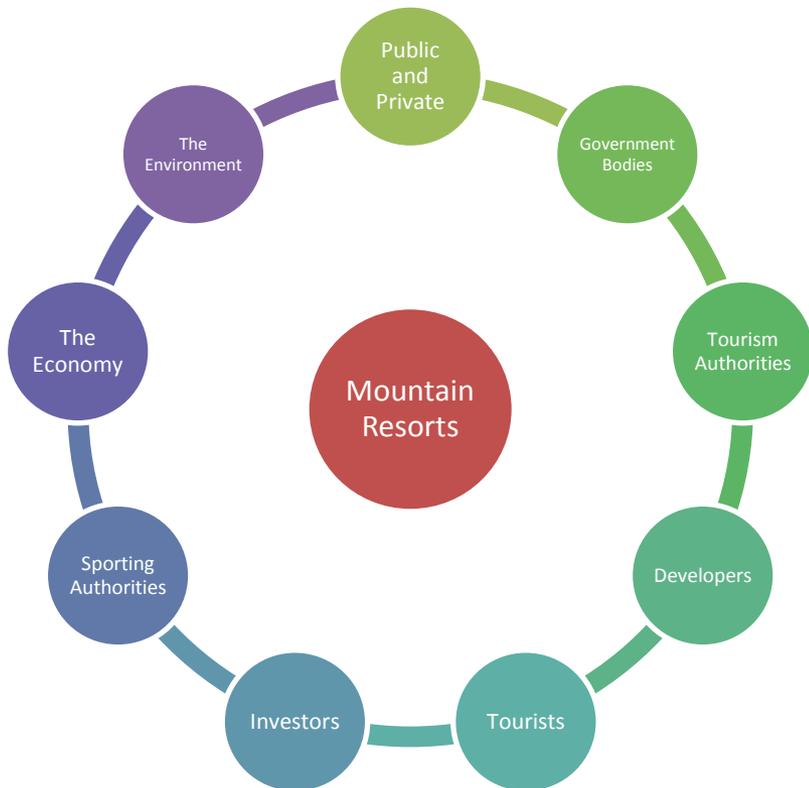
Olympic Legacy

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Conclusion...



- Mountain Resorts
- Public and Private
- Government Bodies
- Tourism Authorities
- Developers
- Tourists
- Investors
- Sporting Authorities
- The Economy
- The Environment

Resulting in a **successful** and **viable** mountain tourism industry — long in to the future

감사합니다.
THANKS!



AXIS

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Ski Resort Management