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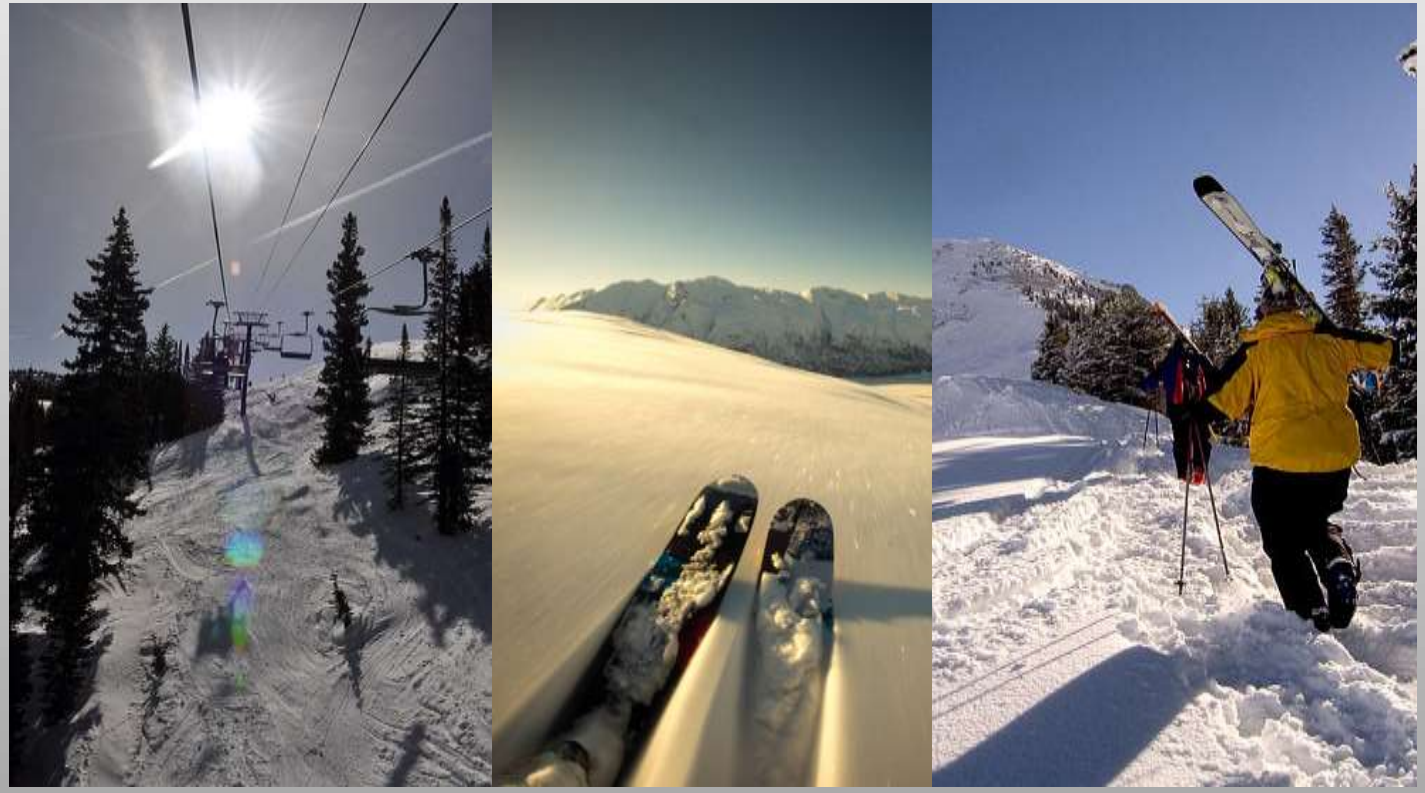
Changing Consumer Demographics in the Ski Industry

CAST Meeting Durango, CO

8/29/14

A Brief Industry Overview



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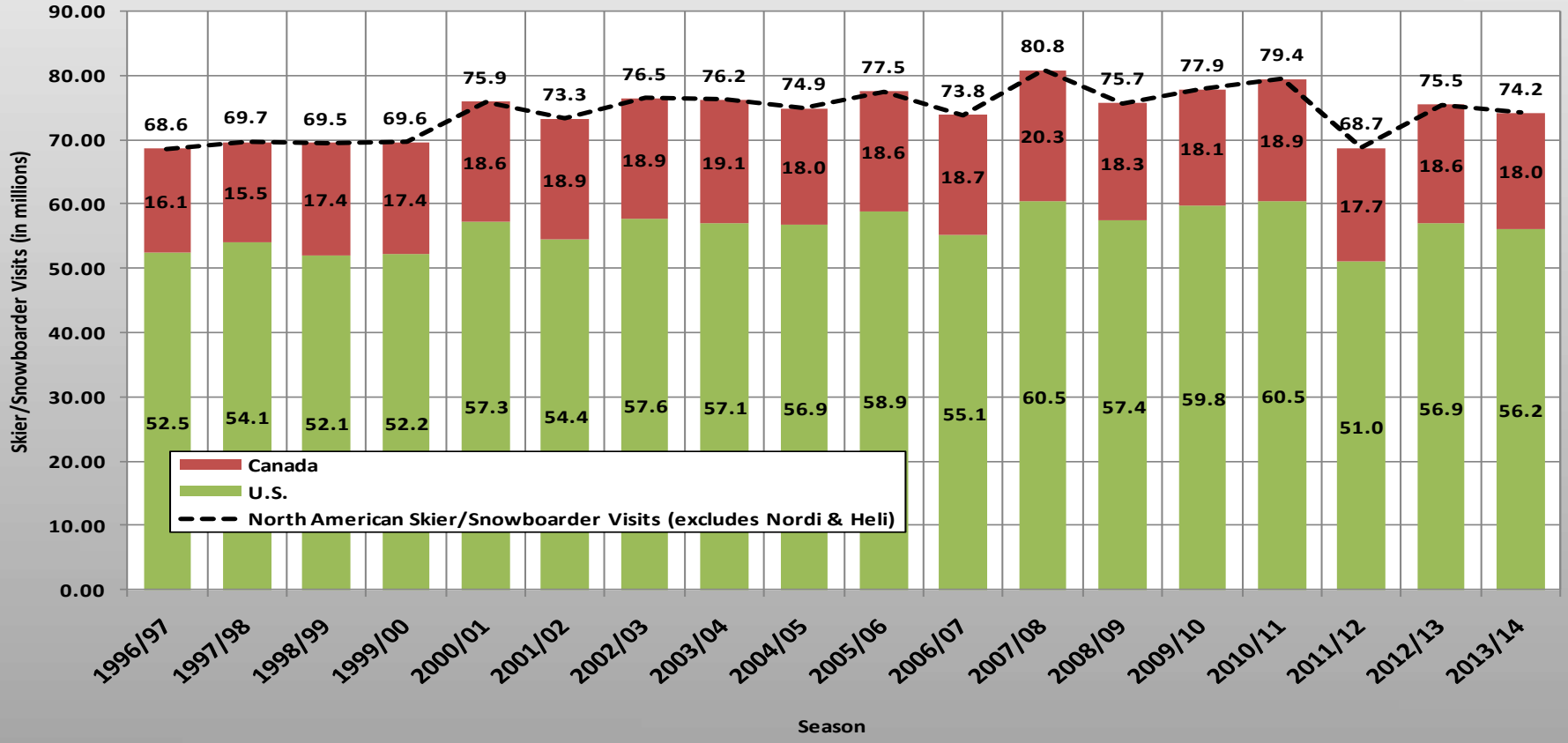
U.S. and Canadian Skier/Snowboarder Visits: 1996/97 to 2013/14



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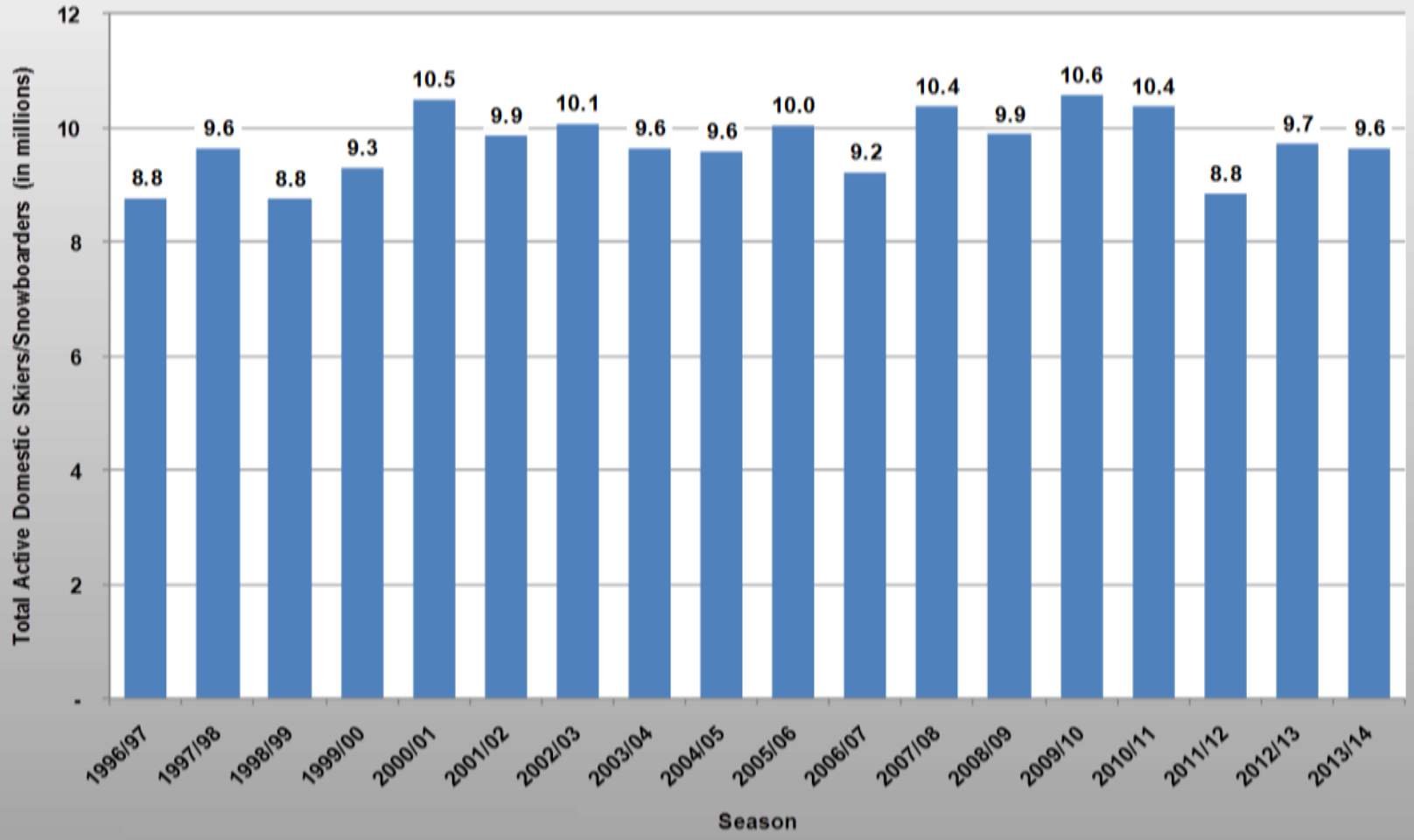
Total Active Participants: 1996/97 to 2013/14



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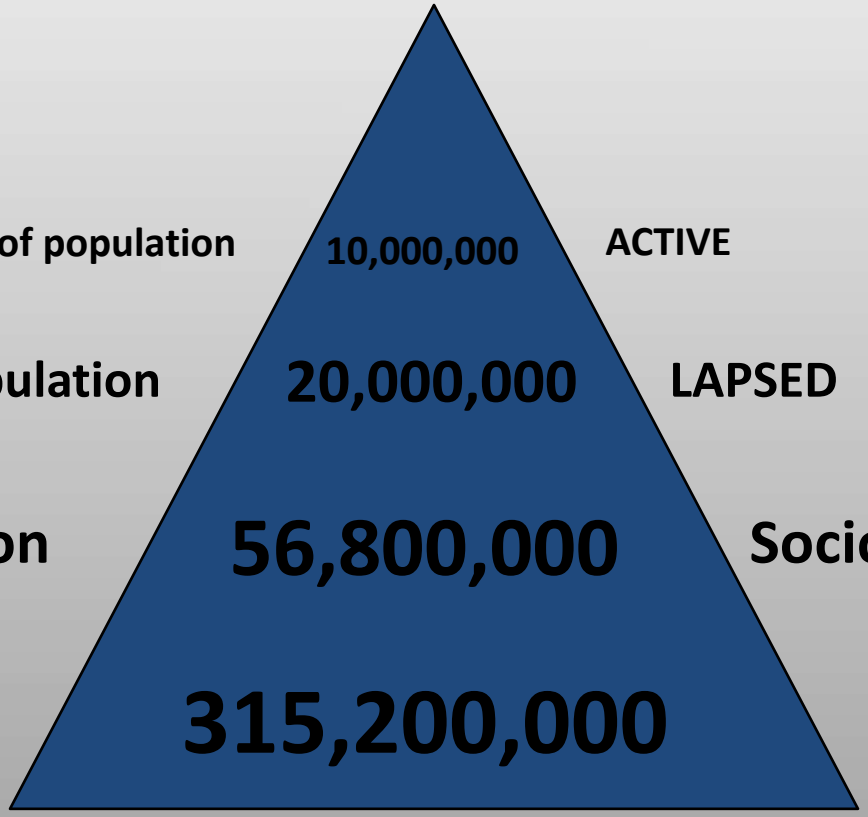
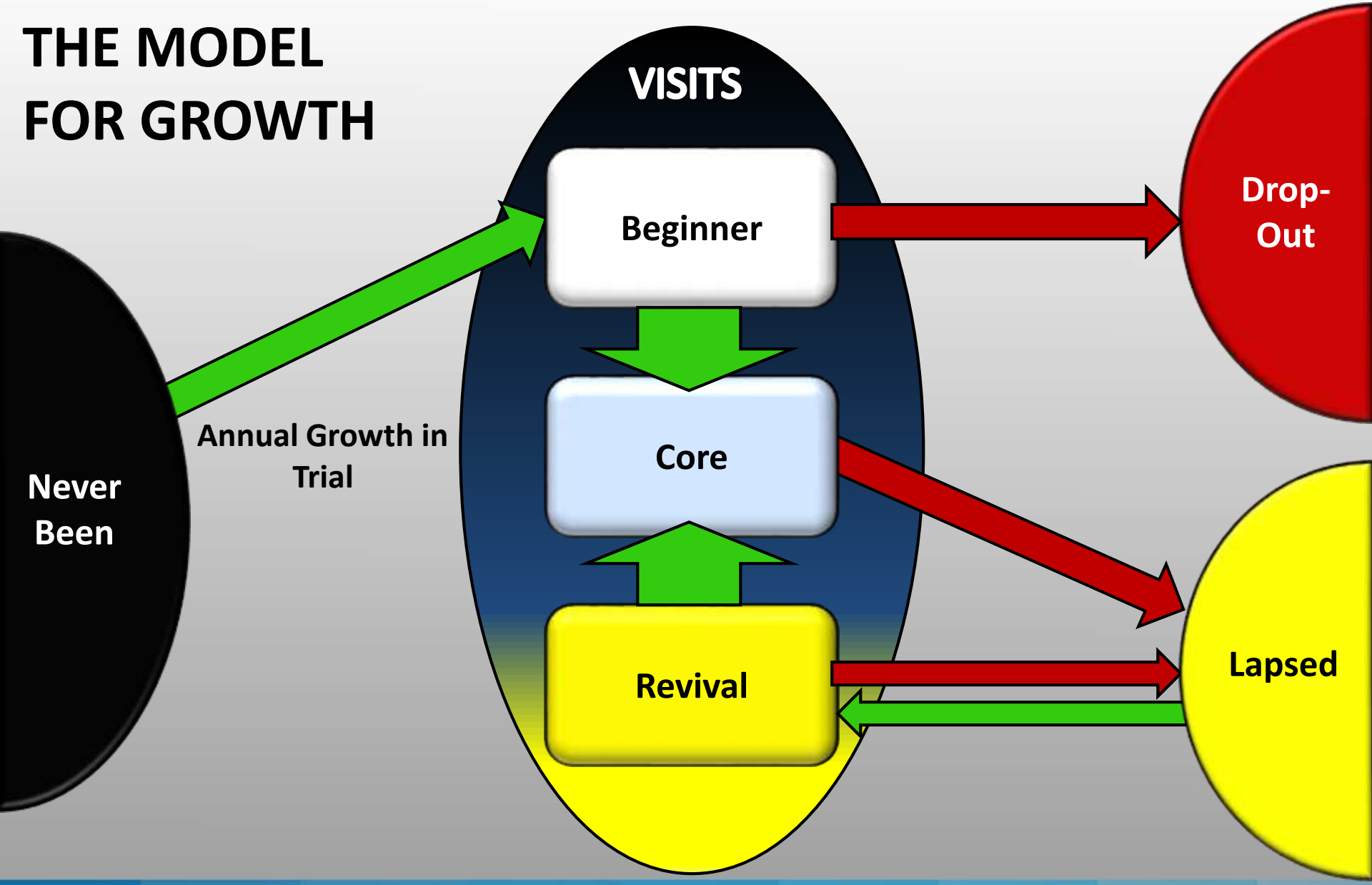
Estimated Market Size for Downhill Snow Sports in the U.S.



THE MODEL FOR GROWTH



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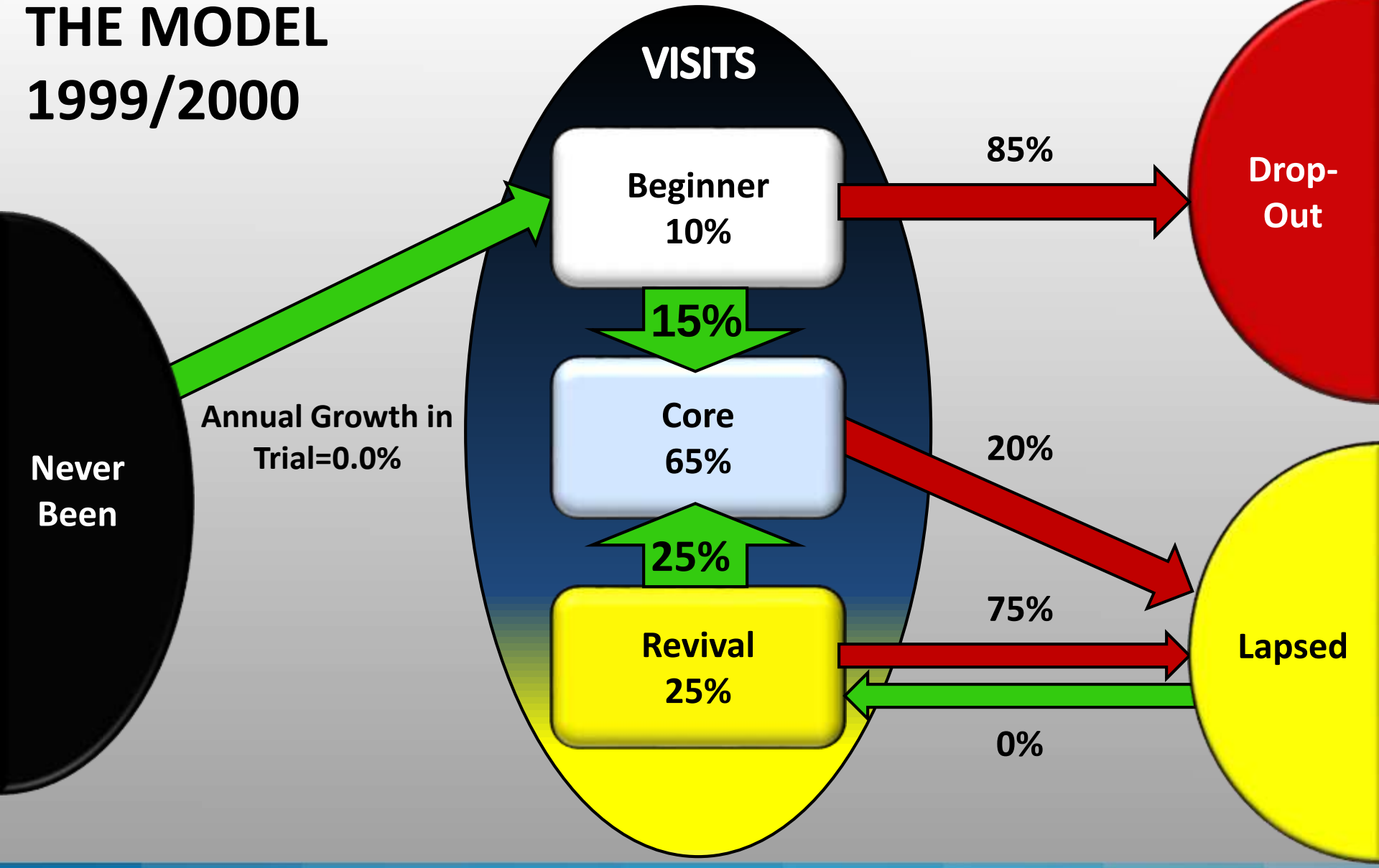
THE MODEL 1999/2000



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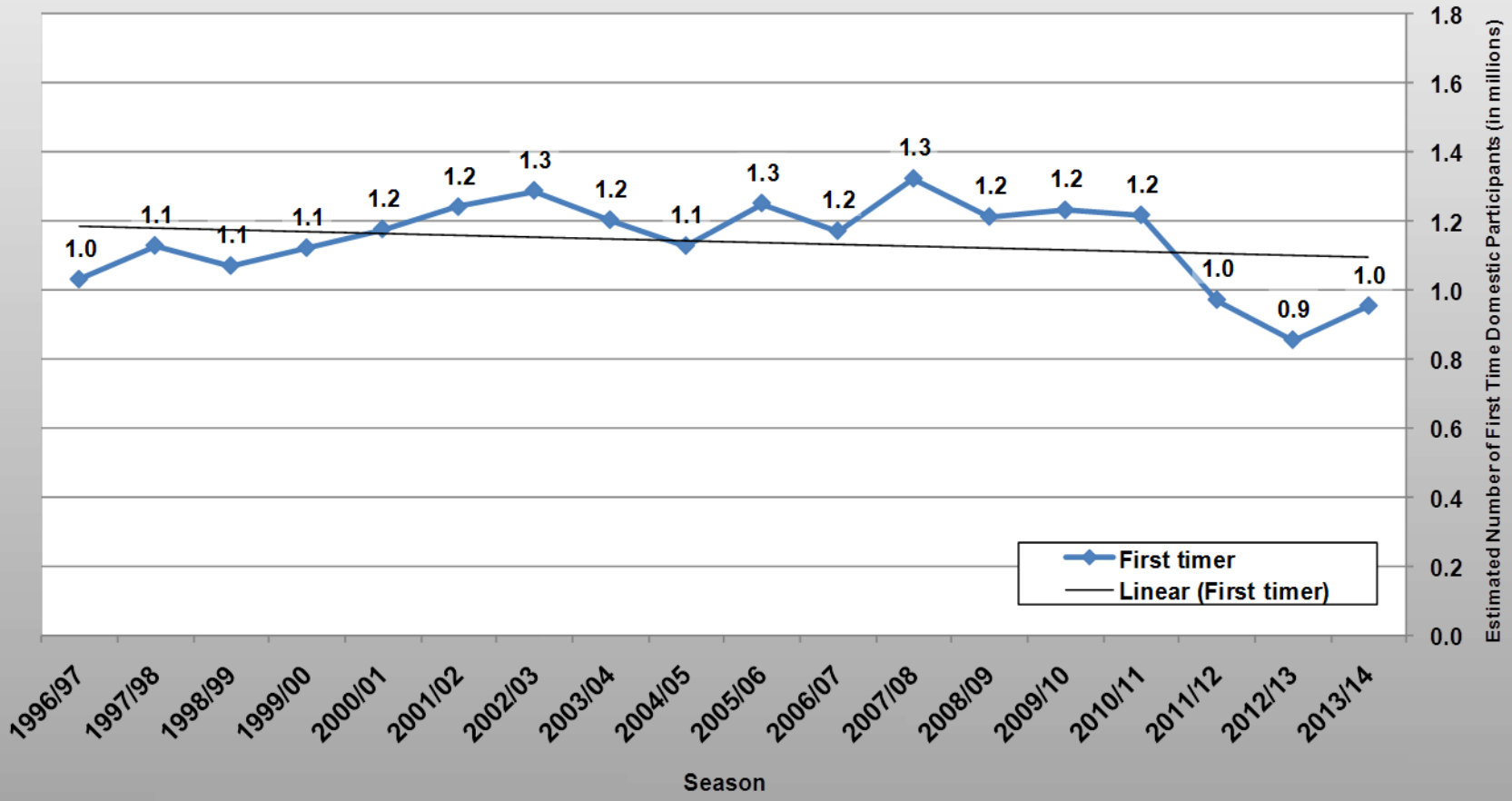
Number of First Time Participants: 1996/97 to 2013/14



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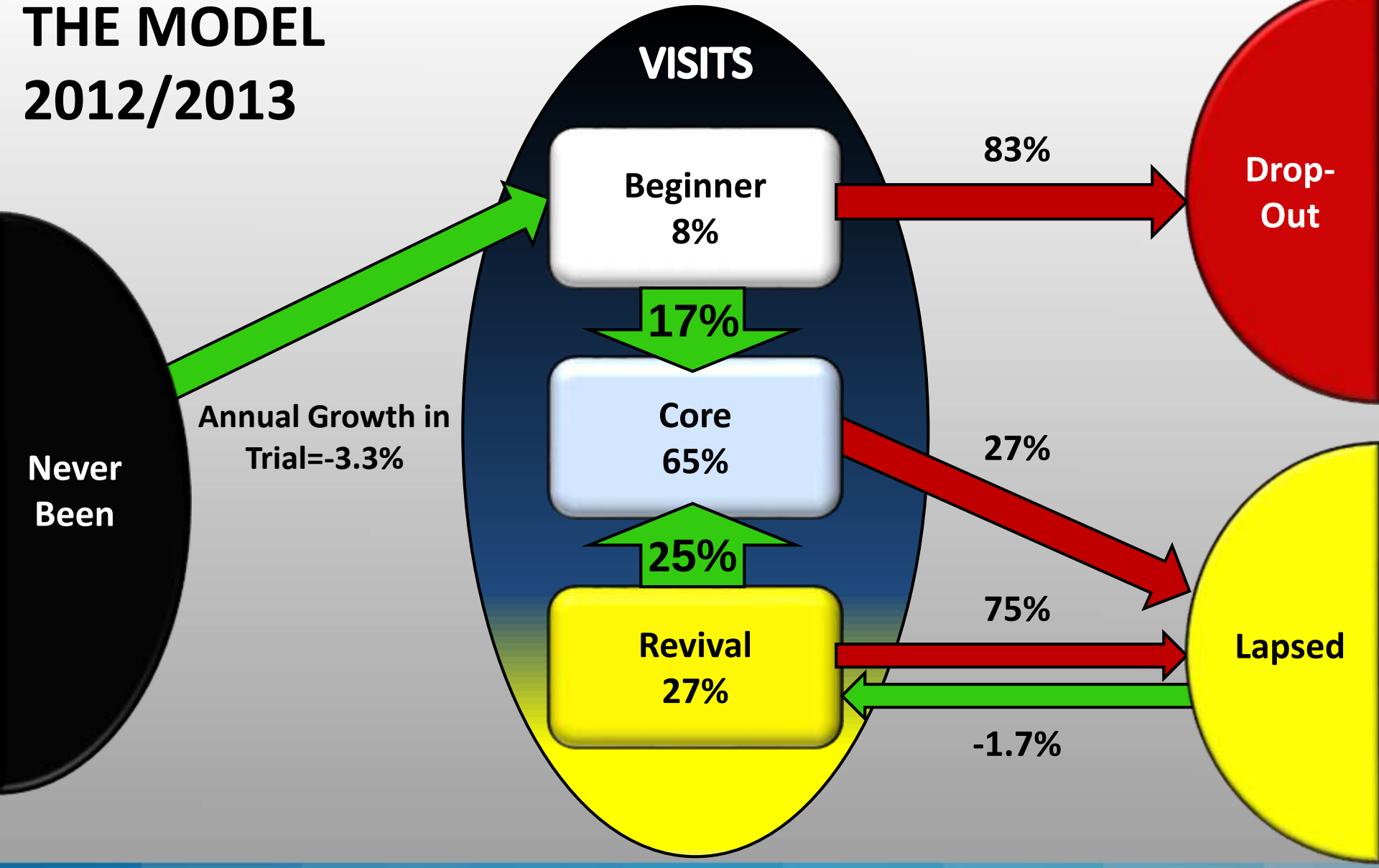
THE MODEL 2012/2013



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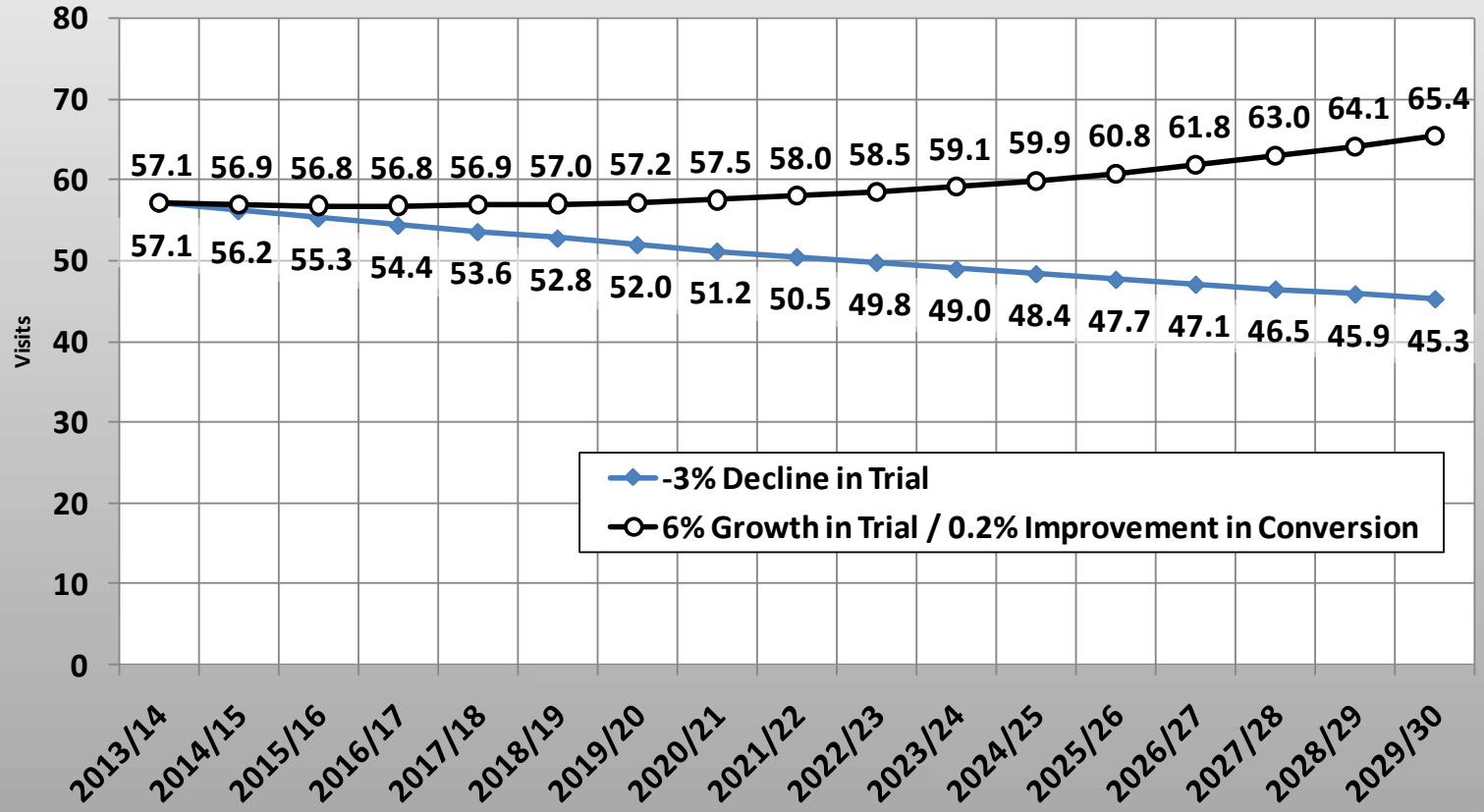
Visitation Projections from 2013/14 through 2029/30: Decline vs. Growth



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Trial Goals Translated

- On average we see about 1,000,000 first timers in any given season.
- Based on a 6% growth in trial we would like to see an additional 60,000 first timers on the slopes.

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Trends of Note

- Significant generational differences in participation patterns
- Slow growth in building diversity
- Income inequality, the aging of wealth, and the affordability factor
- Significant gender differences in participation levels
- Climate change reduces length and predictability of the season
- The need to capitalize on summer

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Generational Differences

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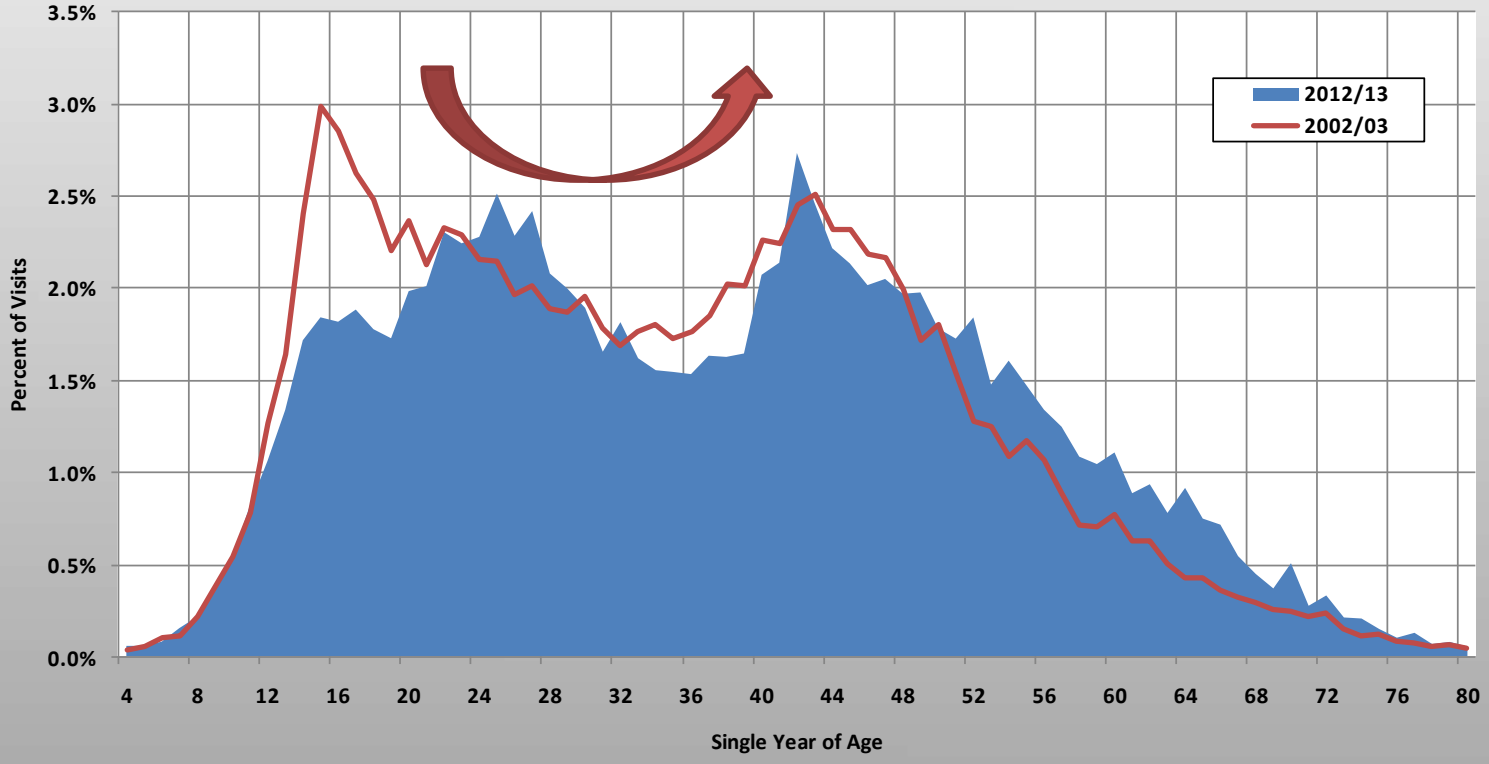
Percent of Visits by Single Year of Age: 2012/13 vs. 2002/03



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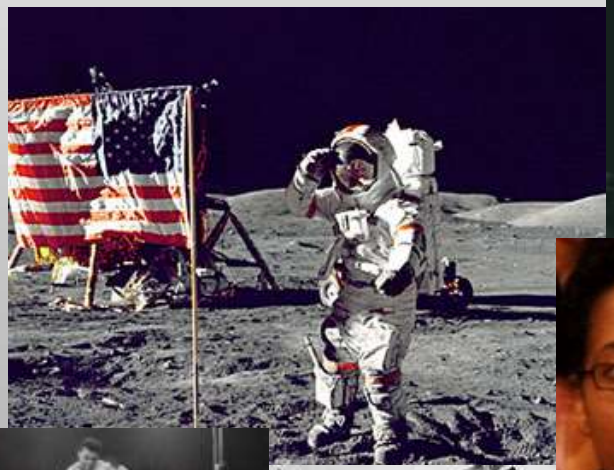
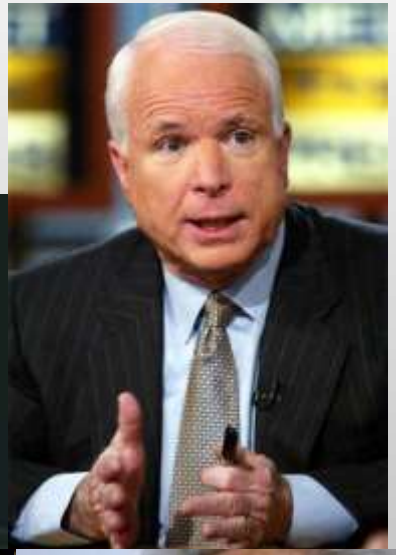
The Greatest Generation:

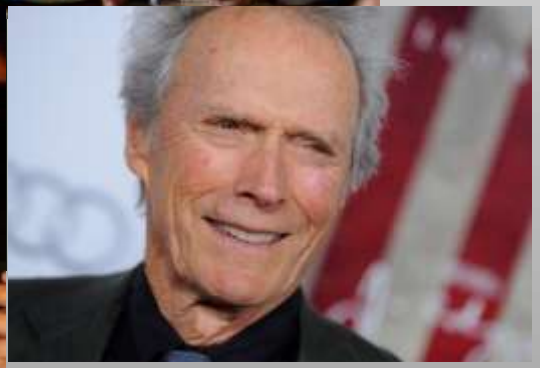
- Born prior to 1928.
- Currently age 87 and over.
- 1.3% of population.

The Silent Generation:

- Born between 1928 and 1945.
- Currently age 69 to 86.
- 9% of population







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The Baby Boomer:

- **Born between 1946 and 1964.**
- **Currently age 50 to 68.**
- **23% of population.**

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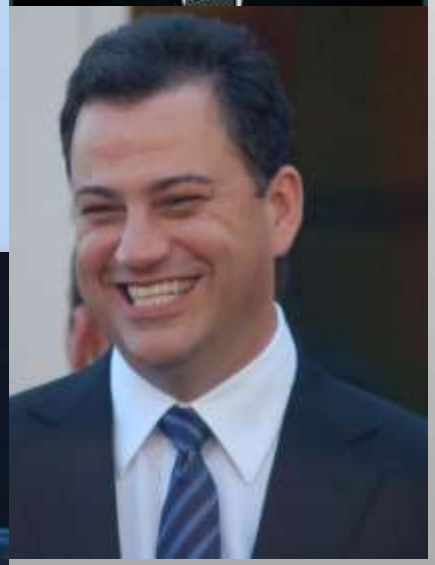
Generation X:

- Born between 1965 and 1980.
- Currently age 34 to 49.
- 21% of population.



Millennials:

- Born after 1980.
- Currently age 33 and under.
- 18-33 year olds are 22% of population.

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The Birth of the Teenager in the 20th Century

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The 21st Century Brings the Concept of the "Emerging Adult"

Five Milestones:

- Completing School
- Leaving Home
- Becoming Financially Independent
- Marrying
- Having a Child

In 1960 about 77% of women and 65% of men had achieved all 5 by age 30. In 2000 about 50% of women and about 33% of men had done all five by age 30.

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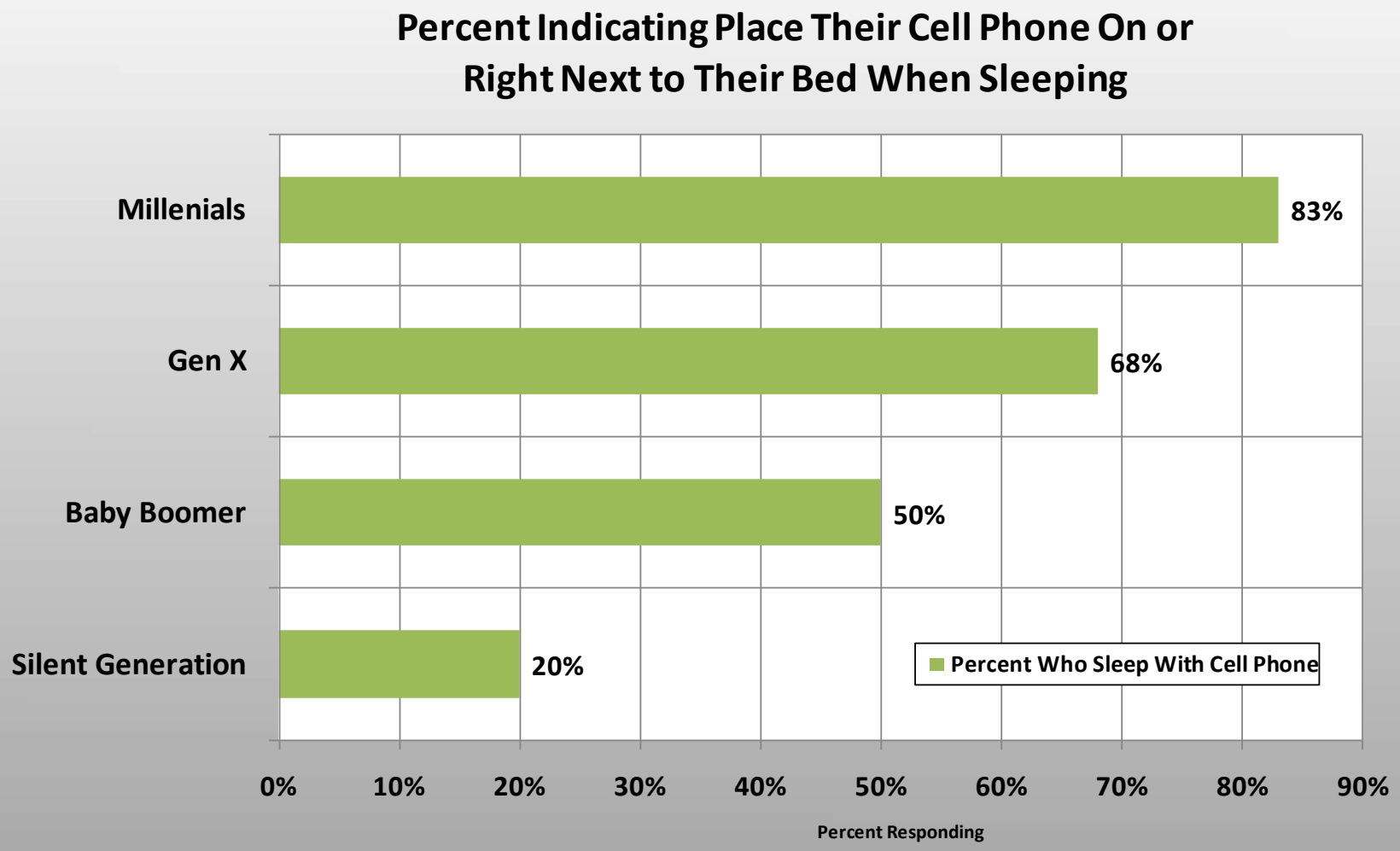
What Makes Your Generation Unique?

	Millennial	Gen X	Boomer	Silent
1.	Technology use (24%)	Technology use (12%)	Work ethic (17%)	WW II, Depression (14%)
2.	Music/Pop culture (11%)	Work ethic (11%)	Respectful (14%)	Smarter (13%)
3.	Liberal/tolerant (7%)	Conservative/Trad'l (7%)	Values/Morals (8%)	Honest (12%)
4.	Smarter (6%)	Smarter (6%)	"Baby Boomers" (6%)	Work ethic (10%)
5.	Clothes (5%)	Respectful (5%)	Smarter (5%)	Values/Morals (10%)

Note: Based on respondents who said their generation was unique/distinct. Items represent individual, open-ended responses. Top five responses are shown for each age group. Sample sizes for sub-groups are as follows: Millennials, n=527; Gen X, n=173; Boomers, n=283; Silent, n=205.



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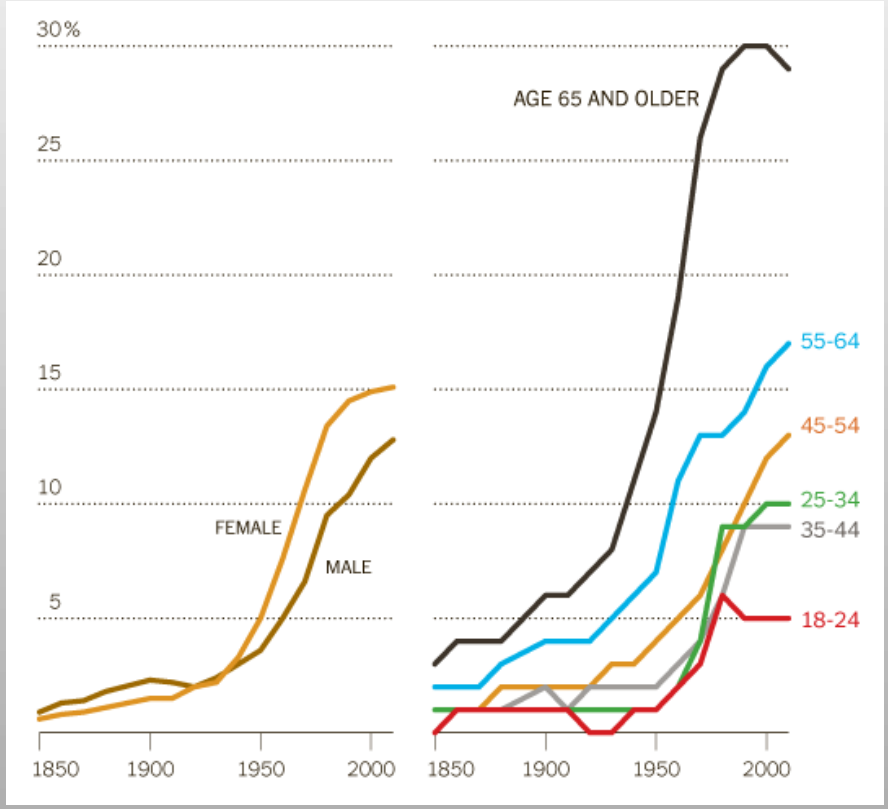
Percent of Adults Living Alone by Gender and Age: 1850-2010



More adults live alone than at any point in human history. In Atlanta, Denver, Seattle, San Francisco and Minneapolis - 40 percent or more of all households contain a single occupant.

Sources: Analysis by Susan Weber and Andrew Beveridge, Queens College, CUNY, from historical and current census data

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Diminished Value of Ownership and the Rise of the Sharing Economy

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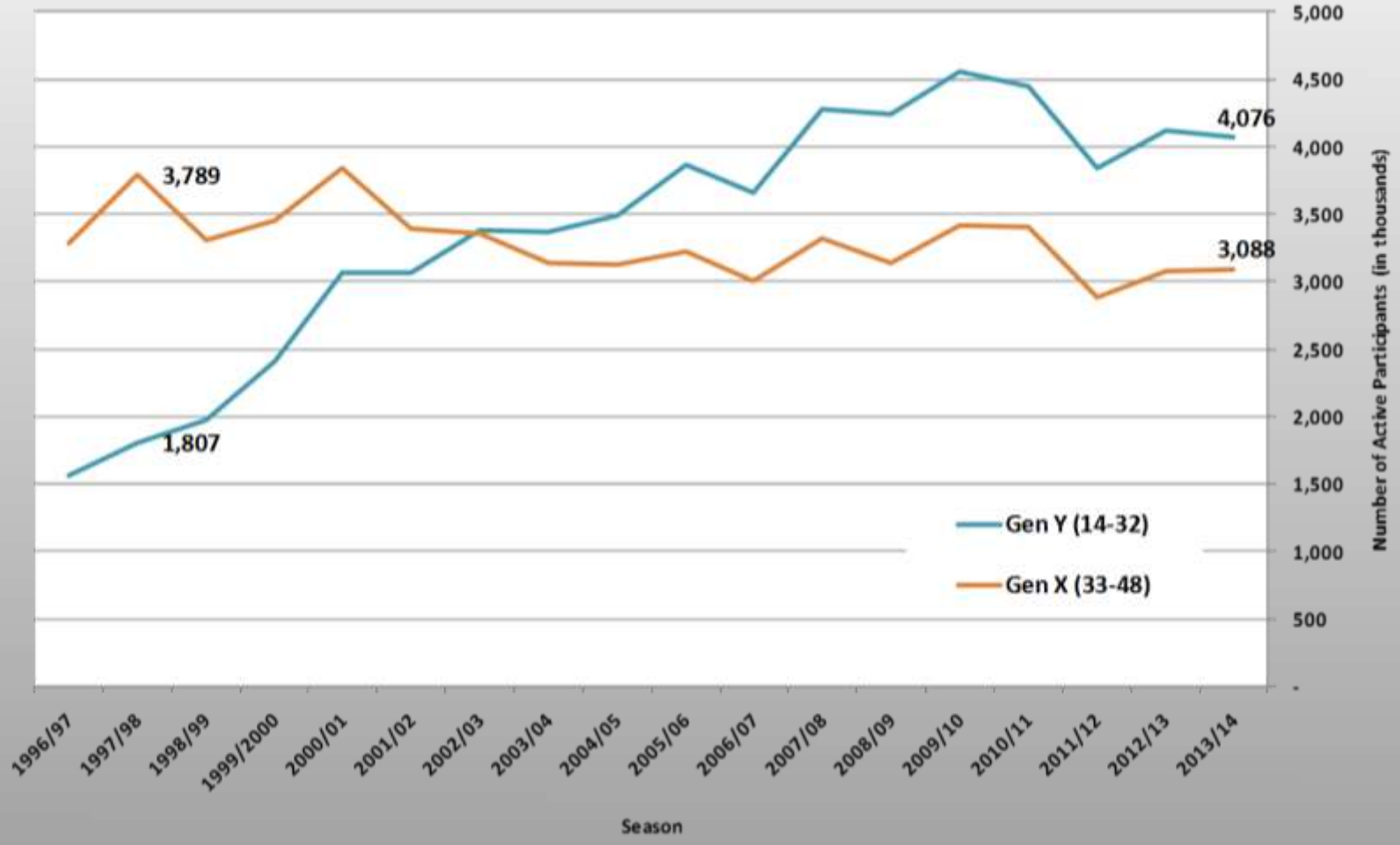
Total U.S. Snow Sports Participants by Cohort: 1996/97 to 2013/14



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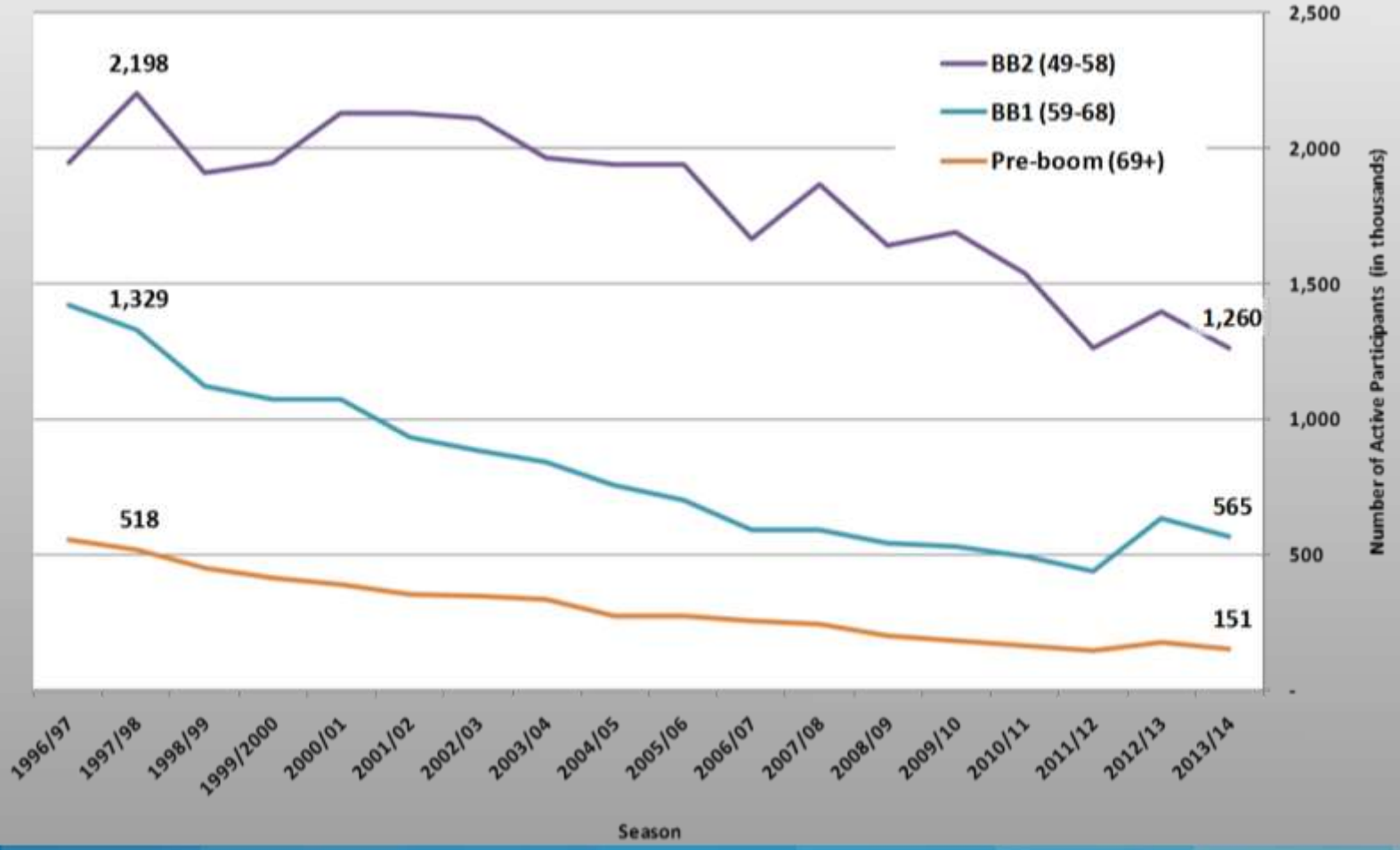
Total U.S. Snow Sports Participants by Cohort: 1996/97 to 2013/14



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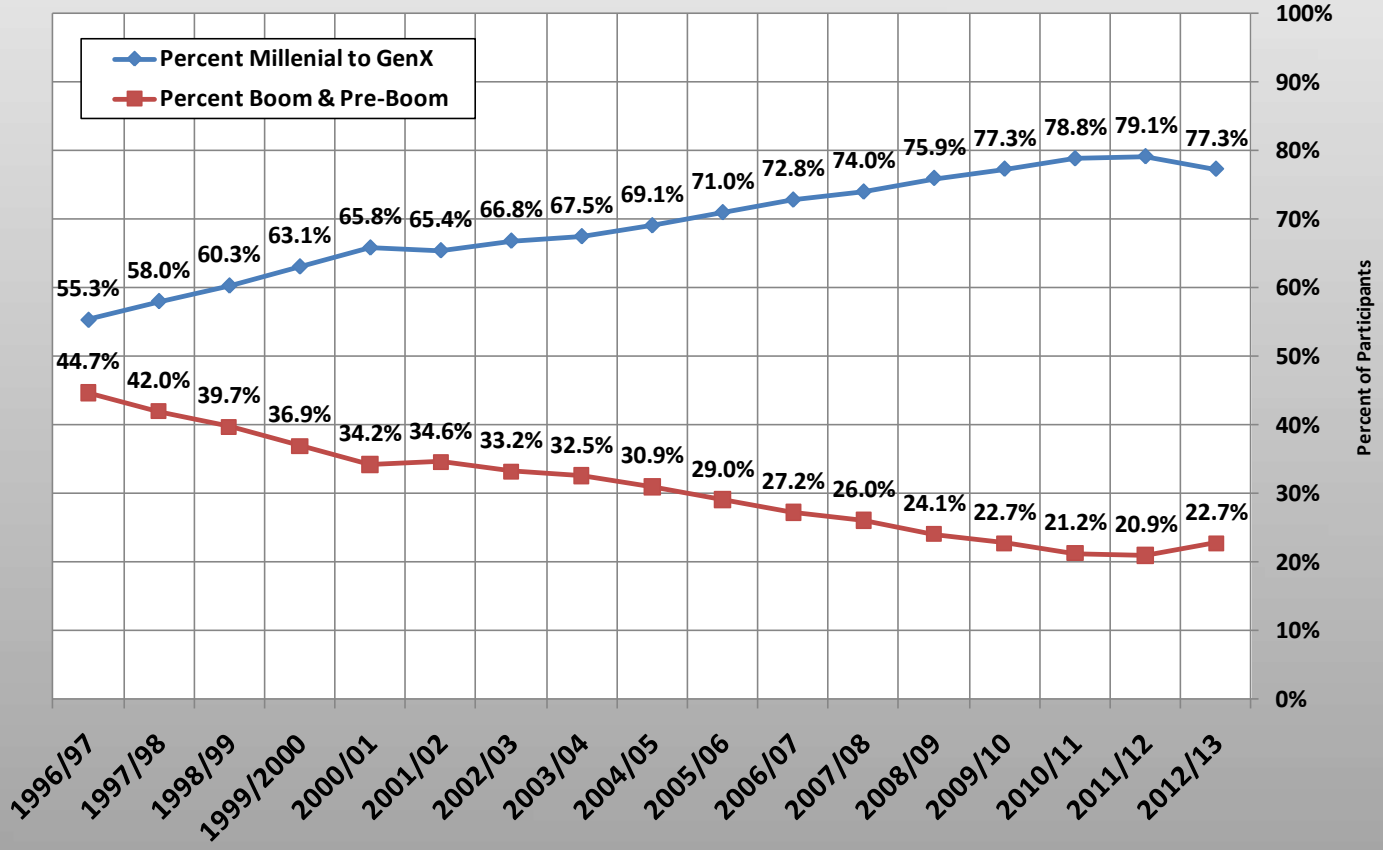
Percent of Total U.S. Participants by Cohort: 1996/97 to 2012/13



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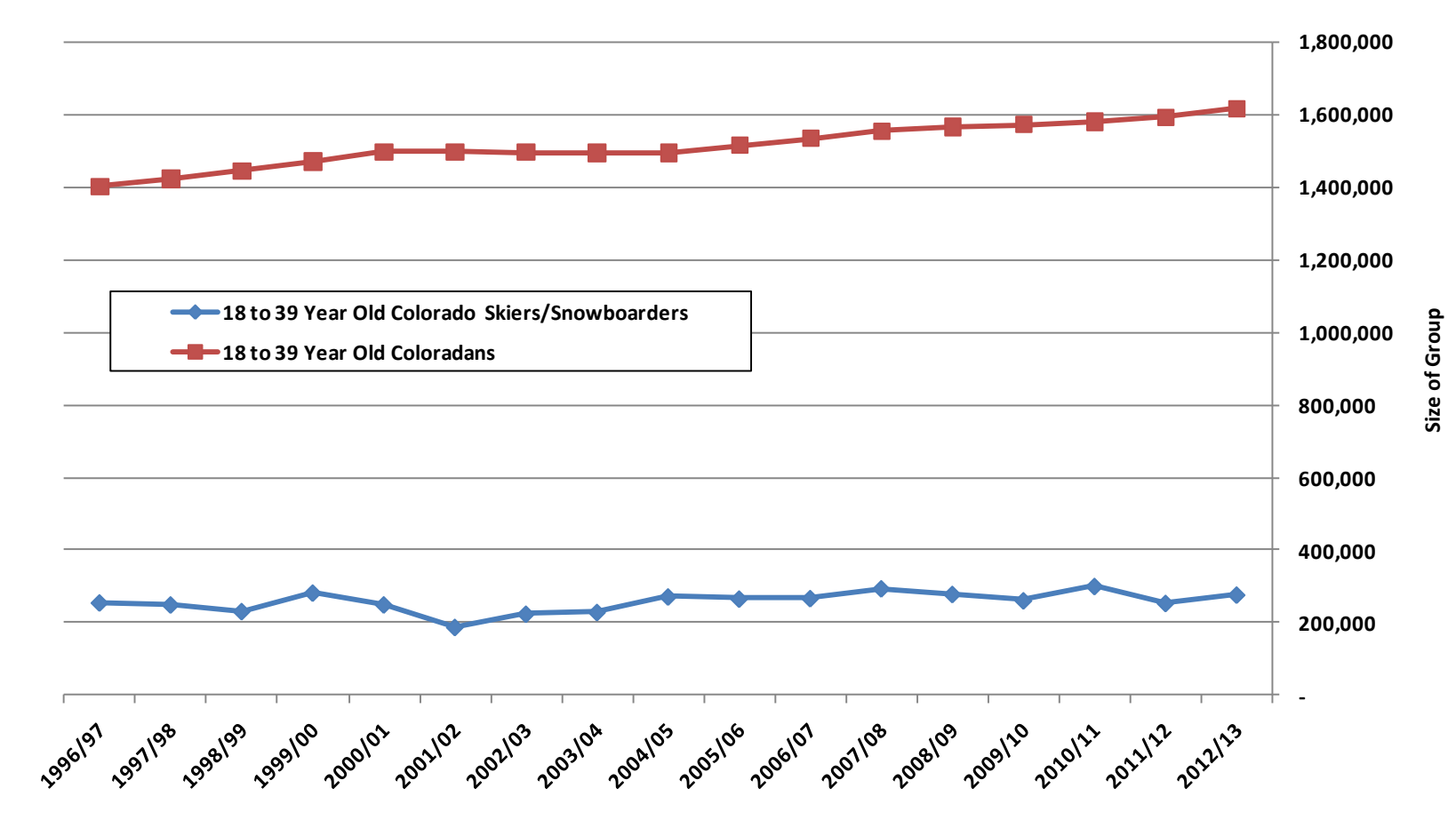
Number of 18 to 39 Year Old Coloradans vs. 18 to 39 Year Old Colorado Skiers/Snowboarders: 1996/97 to 2012/13



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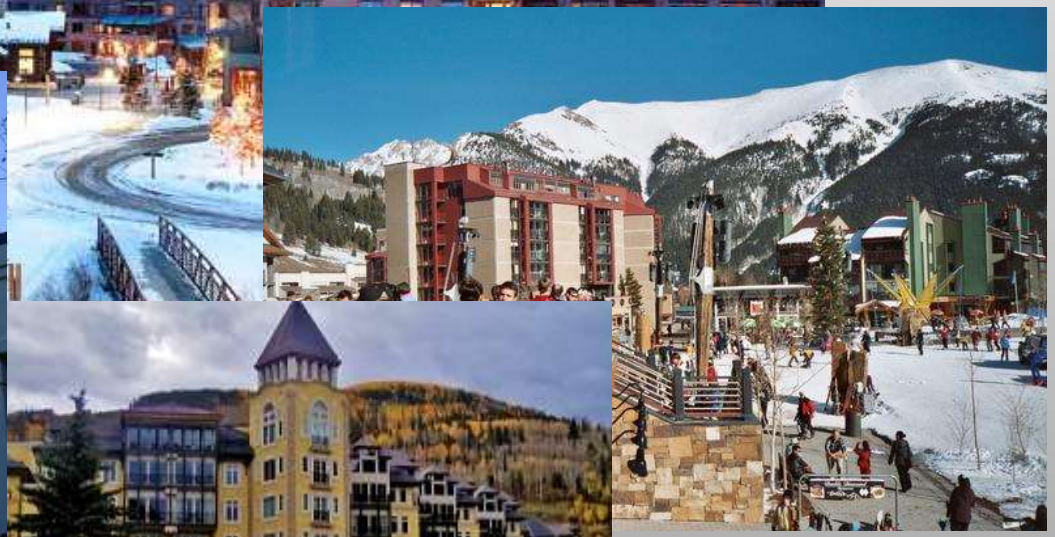
Is Resort Product in Alignment with Millennial Needs?



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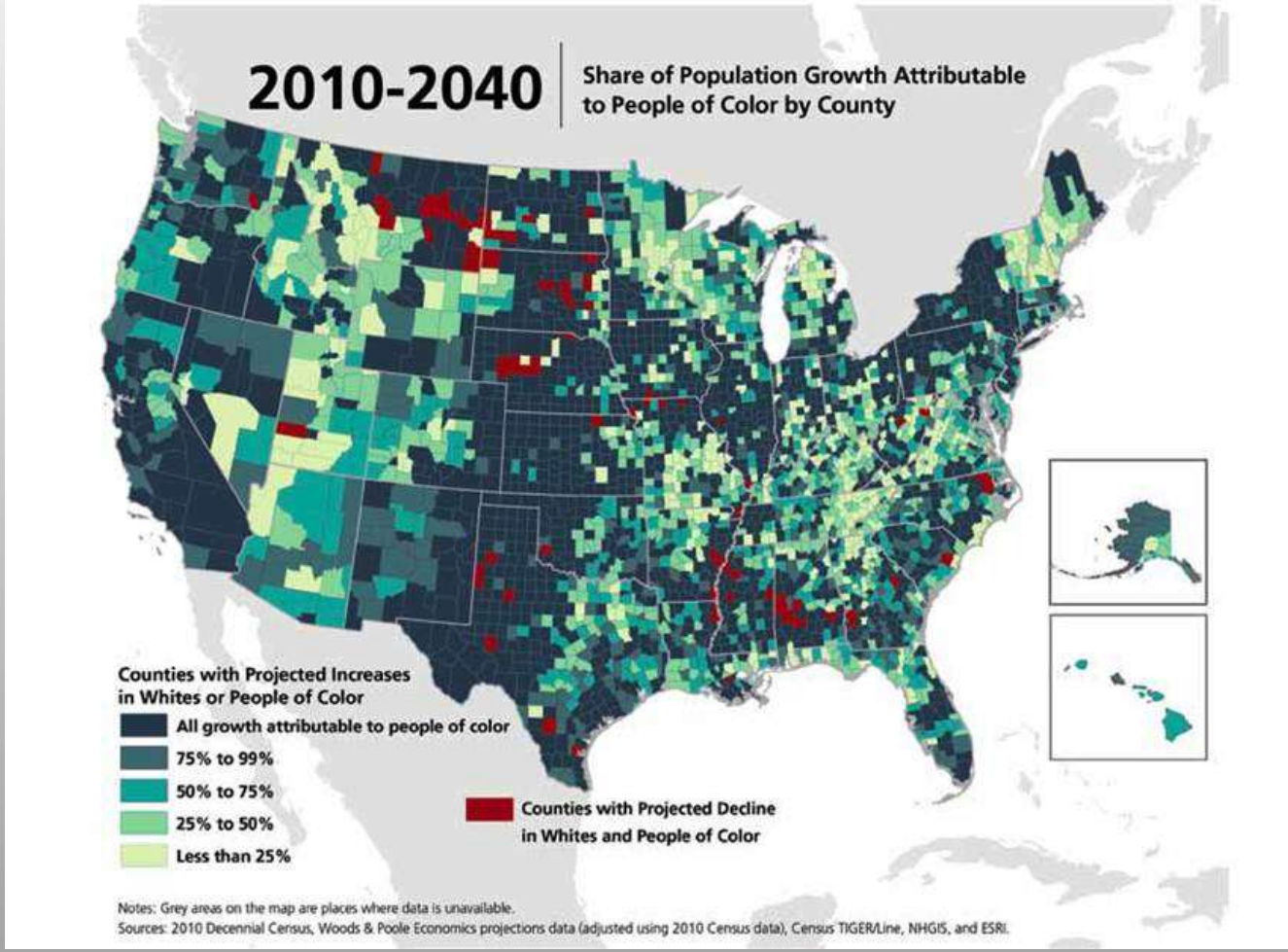
Growing Diversity



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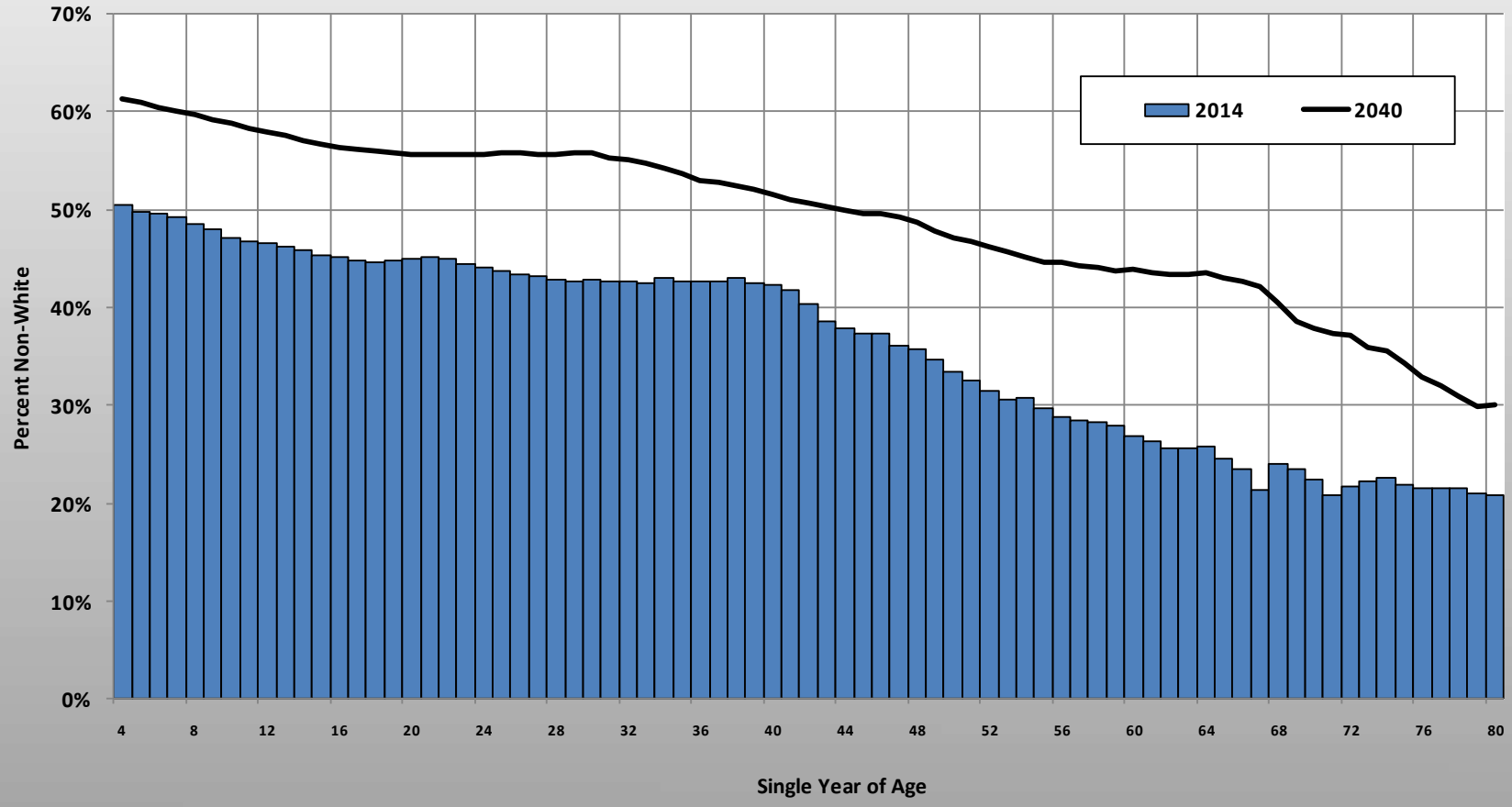
Percent Non-White by Single Year of Age



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Percent Non-White in 2012 Population vs. 2012/13 Skier/Snowboarder Population by Single Year of Age

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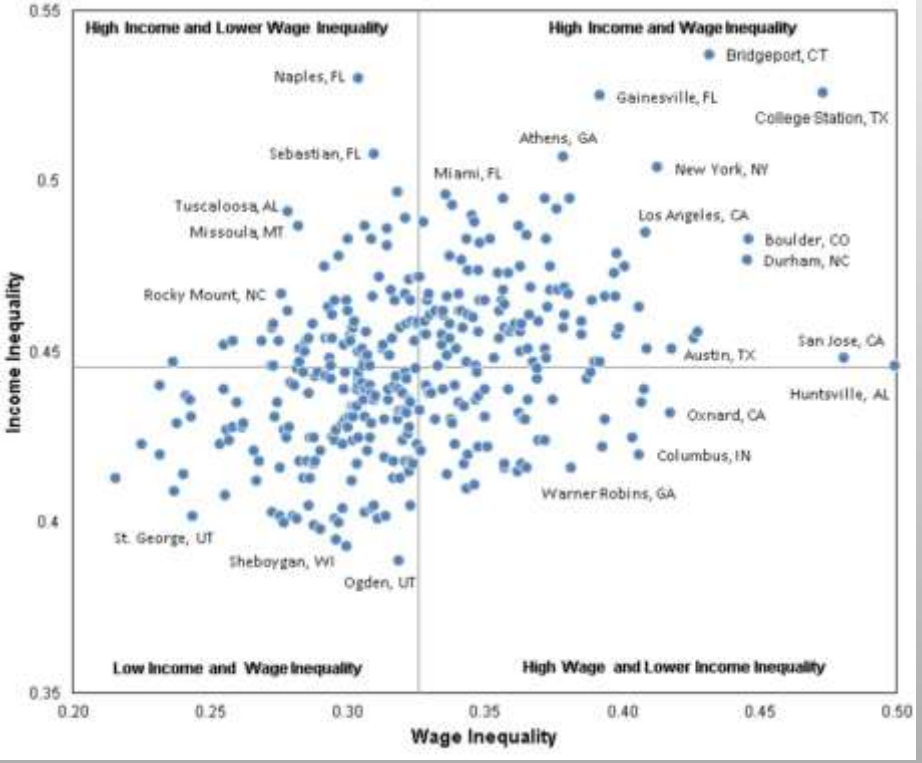
Income Inequality and the Aging of Wealth



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Income Inequality and the Aging of Wealth

Source: Piketty and Saez, 2003 updated to 2012. Series based on pre-tax cash market income including realized capital gains and excluding government transfers.

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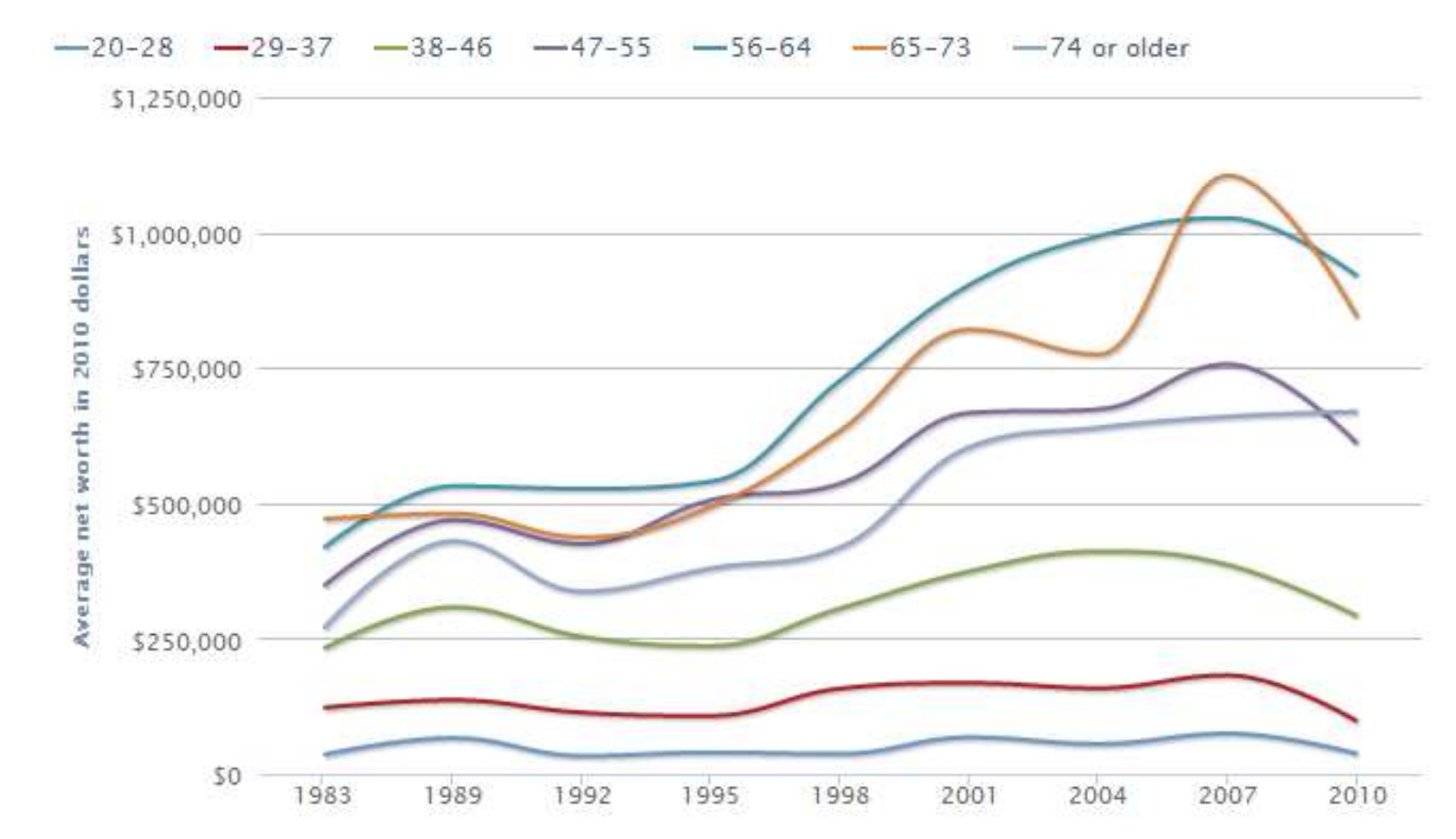
Average Net Worth by Age and Year



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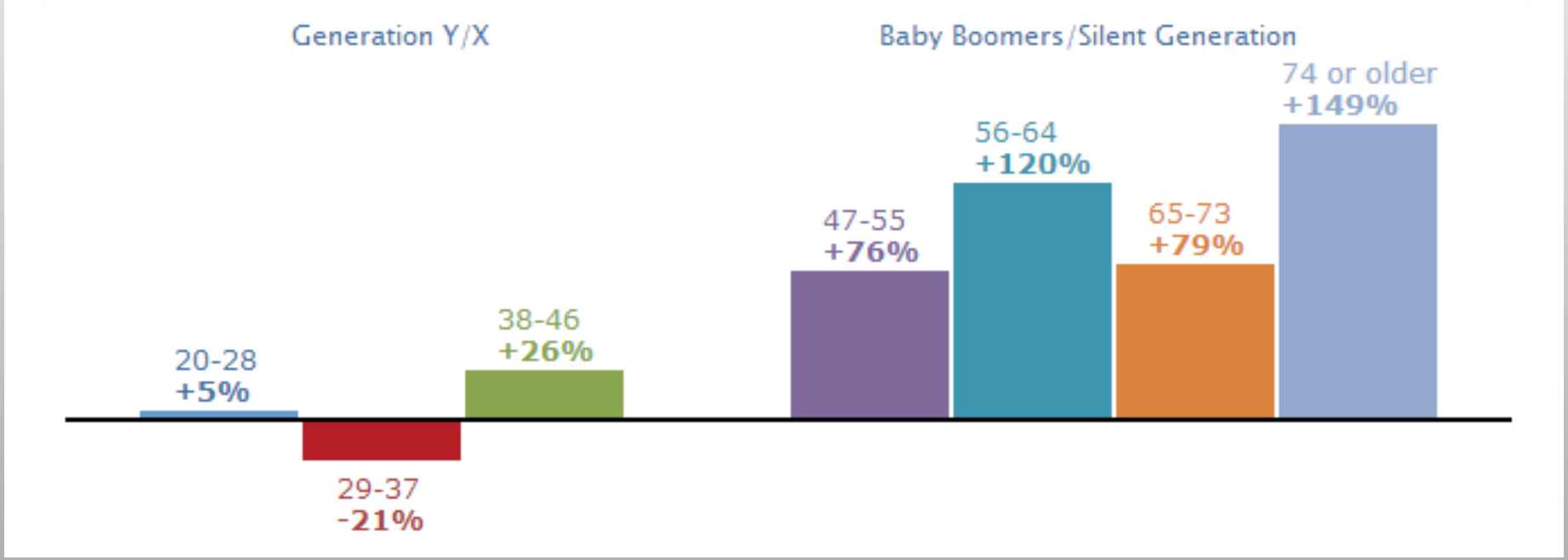
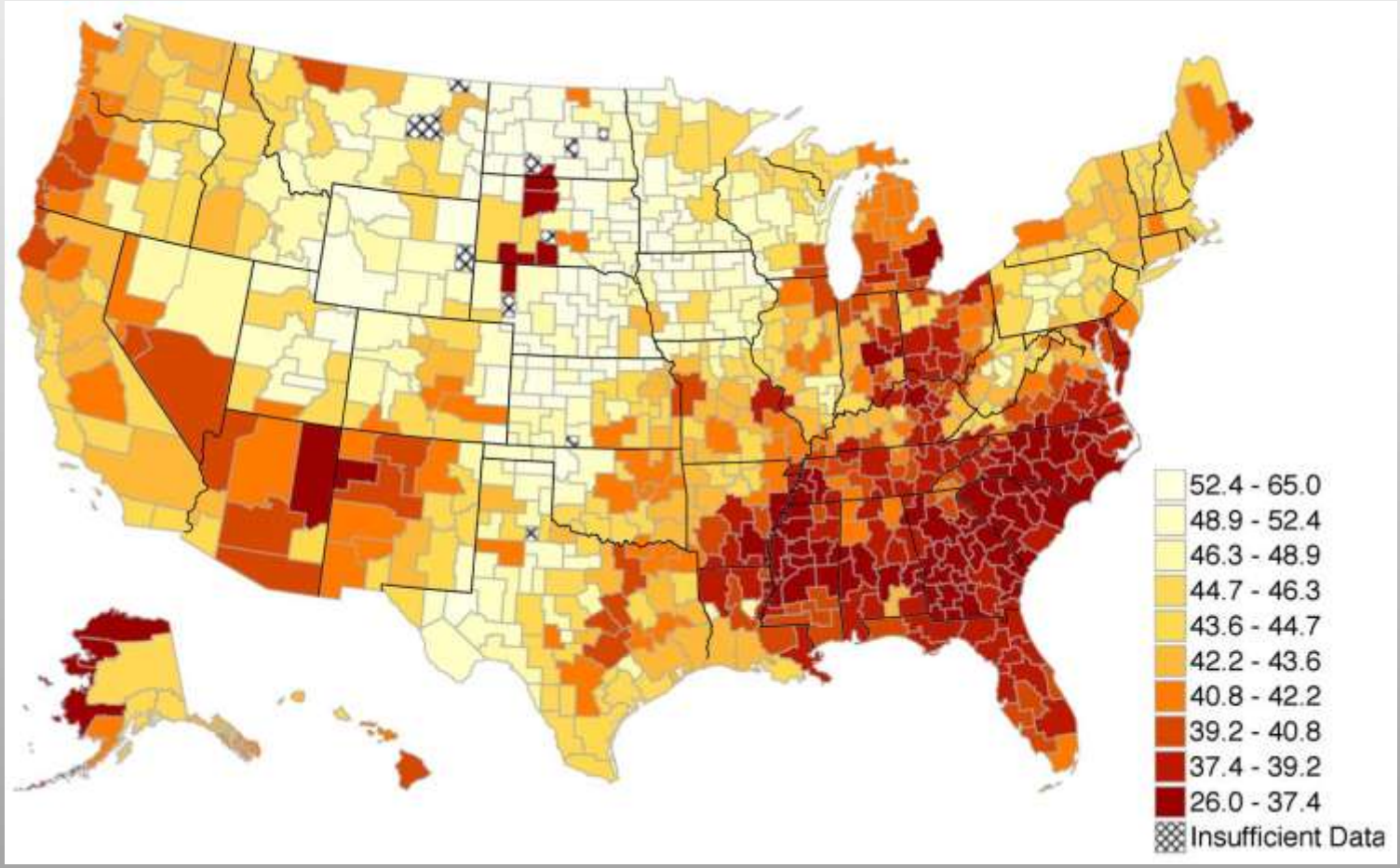
Change in Net Worth by Age Group: 1983 to 2010



Source: http://www.urban.org/UploadedPDF/412766-Lost-Generations-Wealth-Building-Among-Young-Americans.pdf

Lack of Economic Mobility by Geographic Region



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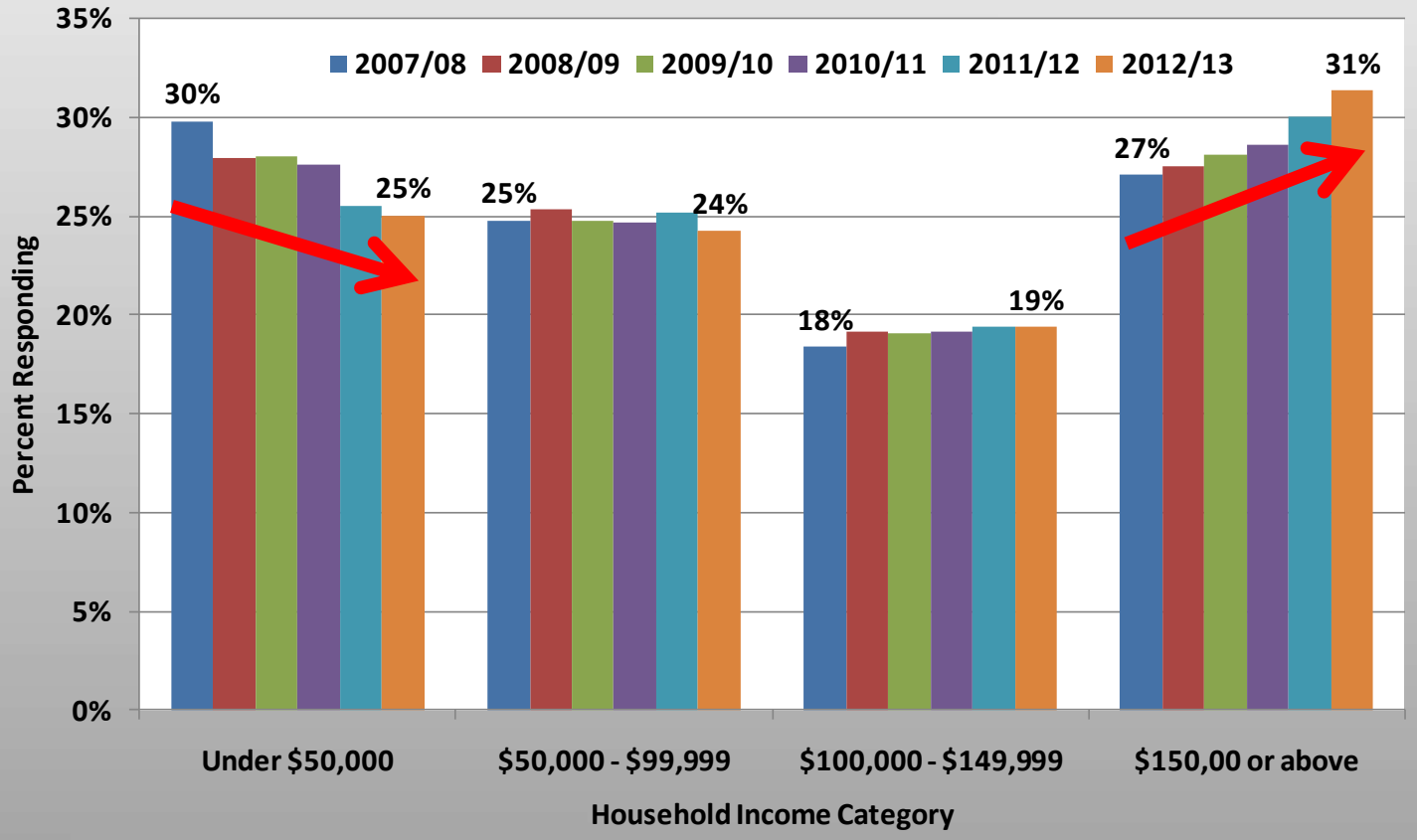
Percent of Visits Accounted for by Household Income Category: 2007/08 to 2012/13



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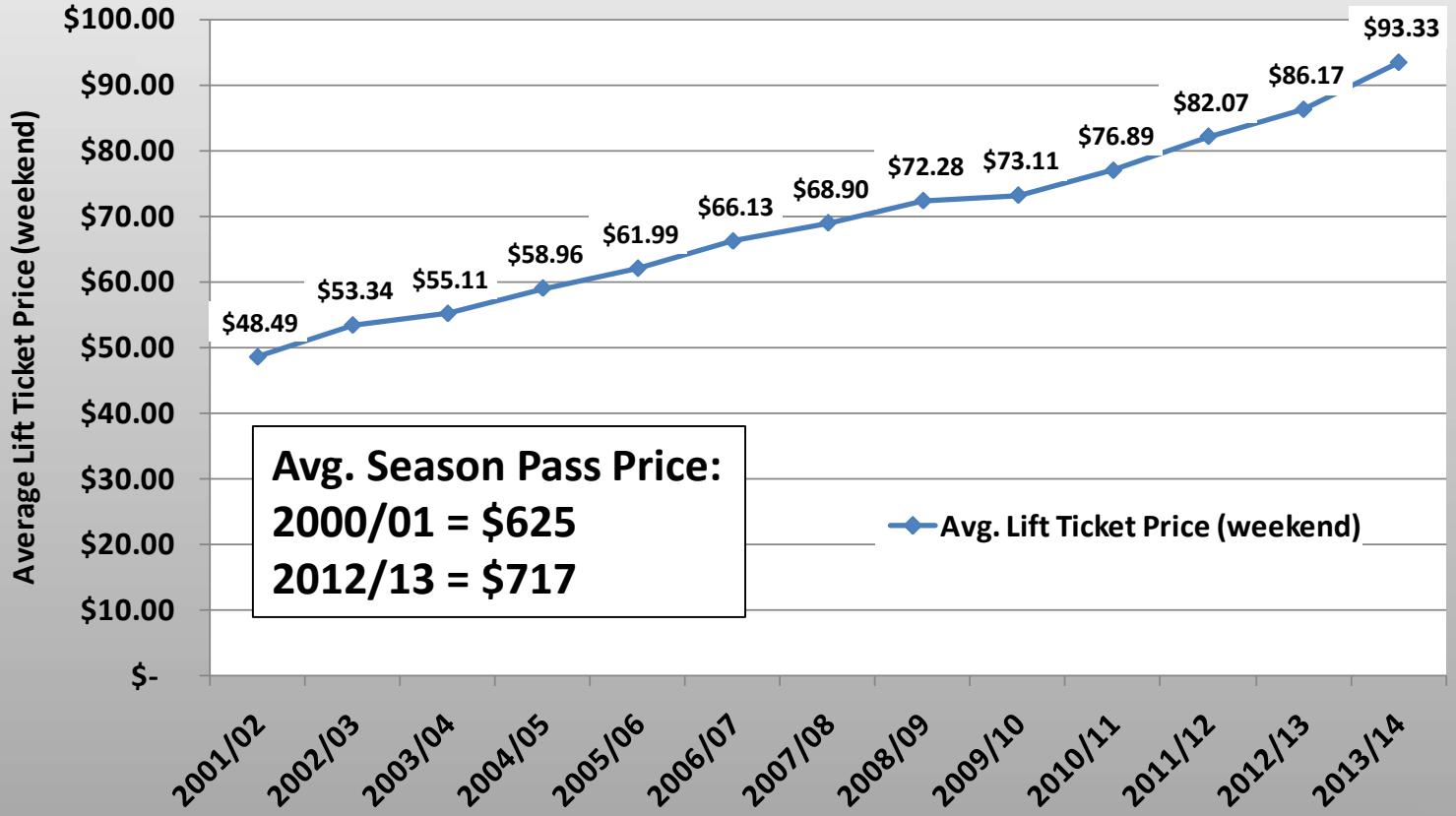
U.S. Average Adult Lift Ticket Price (weekend): 2001/02 to 2013/14



Avg. Season Pass Price:
2000/01 = $625
2012/13 = $717

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Gender Differences in Participation

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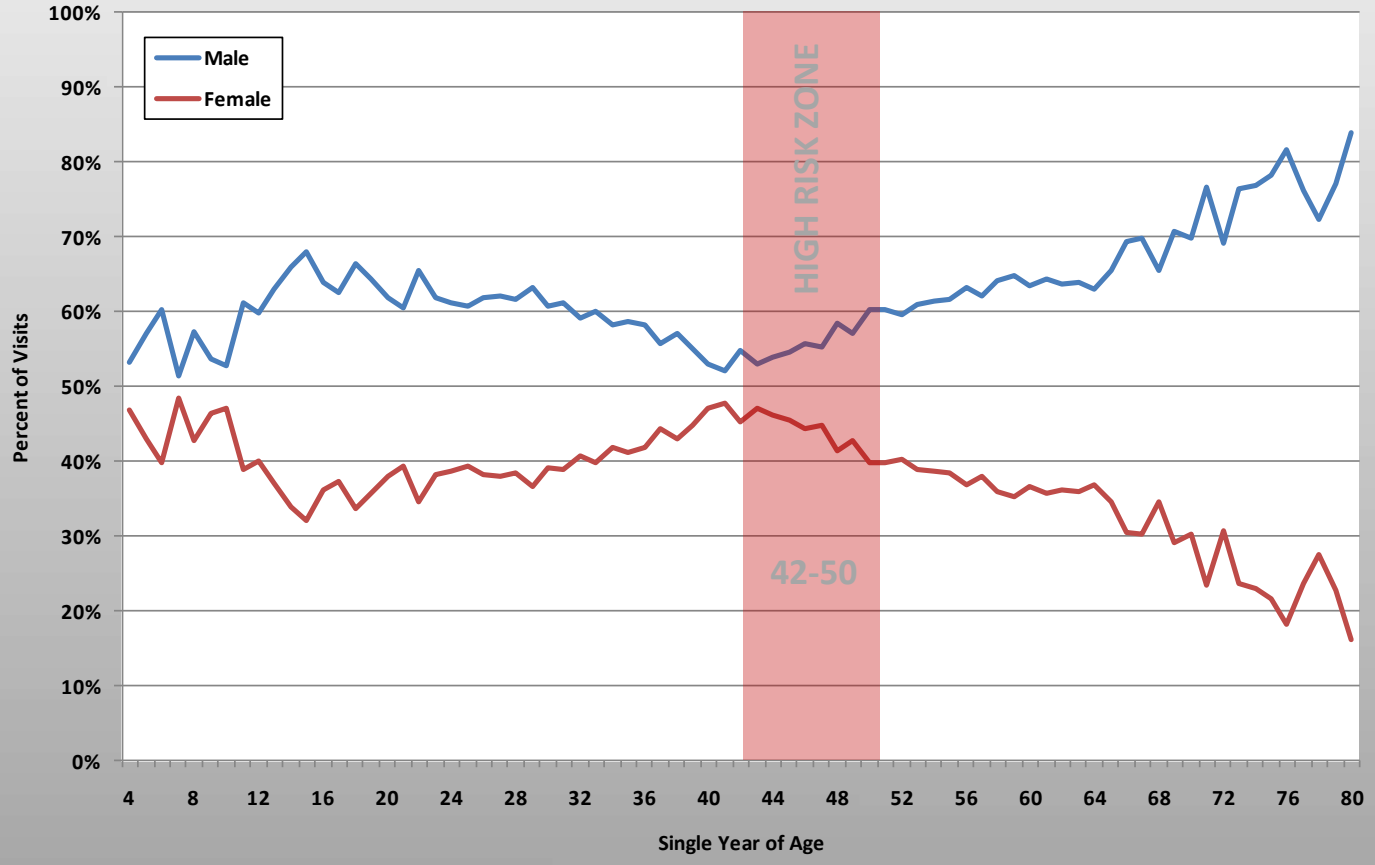
Visits Accounted for by Gender and Single Year of Age: 2010/11 to 2012/13 Average



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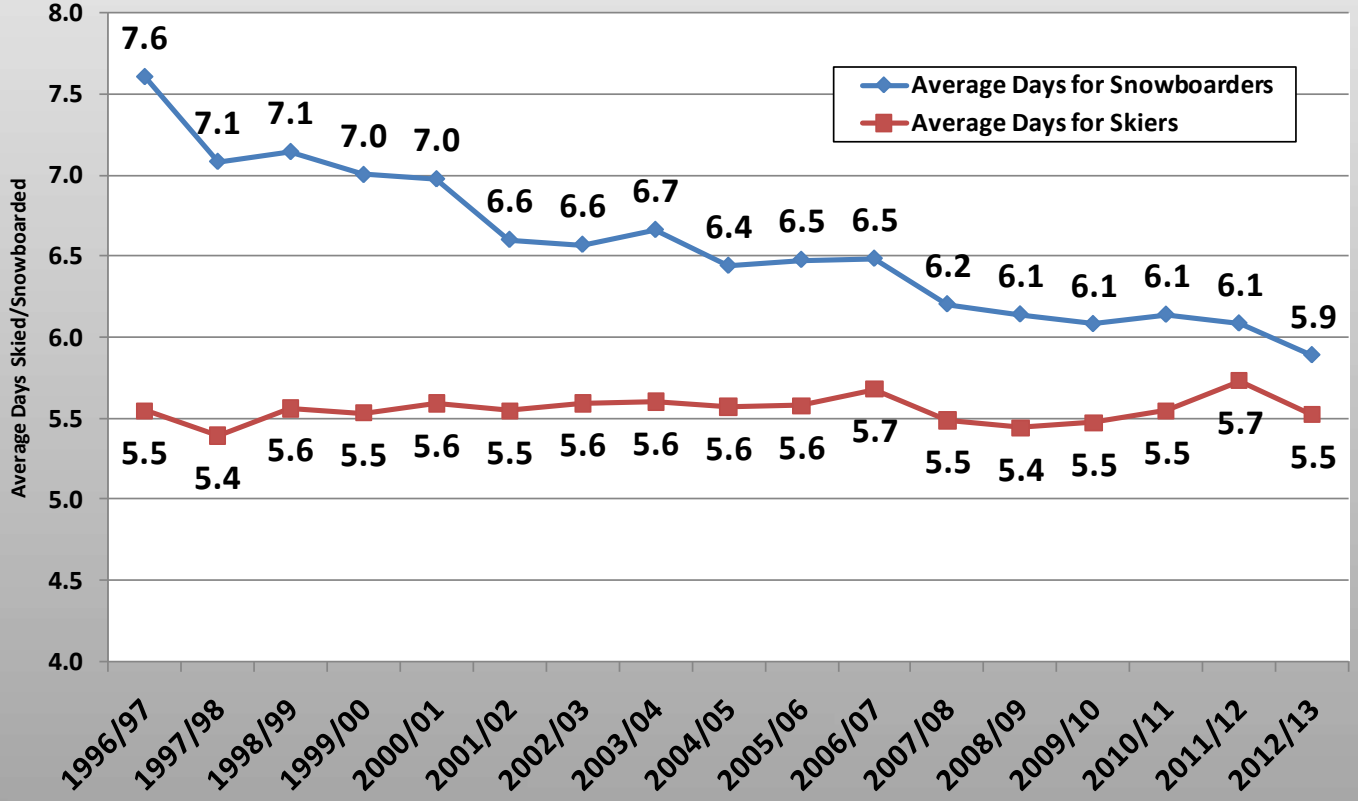
Snowboarding Trending Down

- Share of visits from snowboarders dropped to 26.6% in 2013/14, down from 30.6% in 2010/11
- Decline seen in all regions and all size ski areas
- Most pronounced drop in Pacific South (down 10 percentage points in 3 years)

Average Days Skied or Snowboarded: 1996/97 to 2012/13



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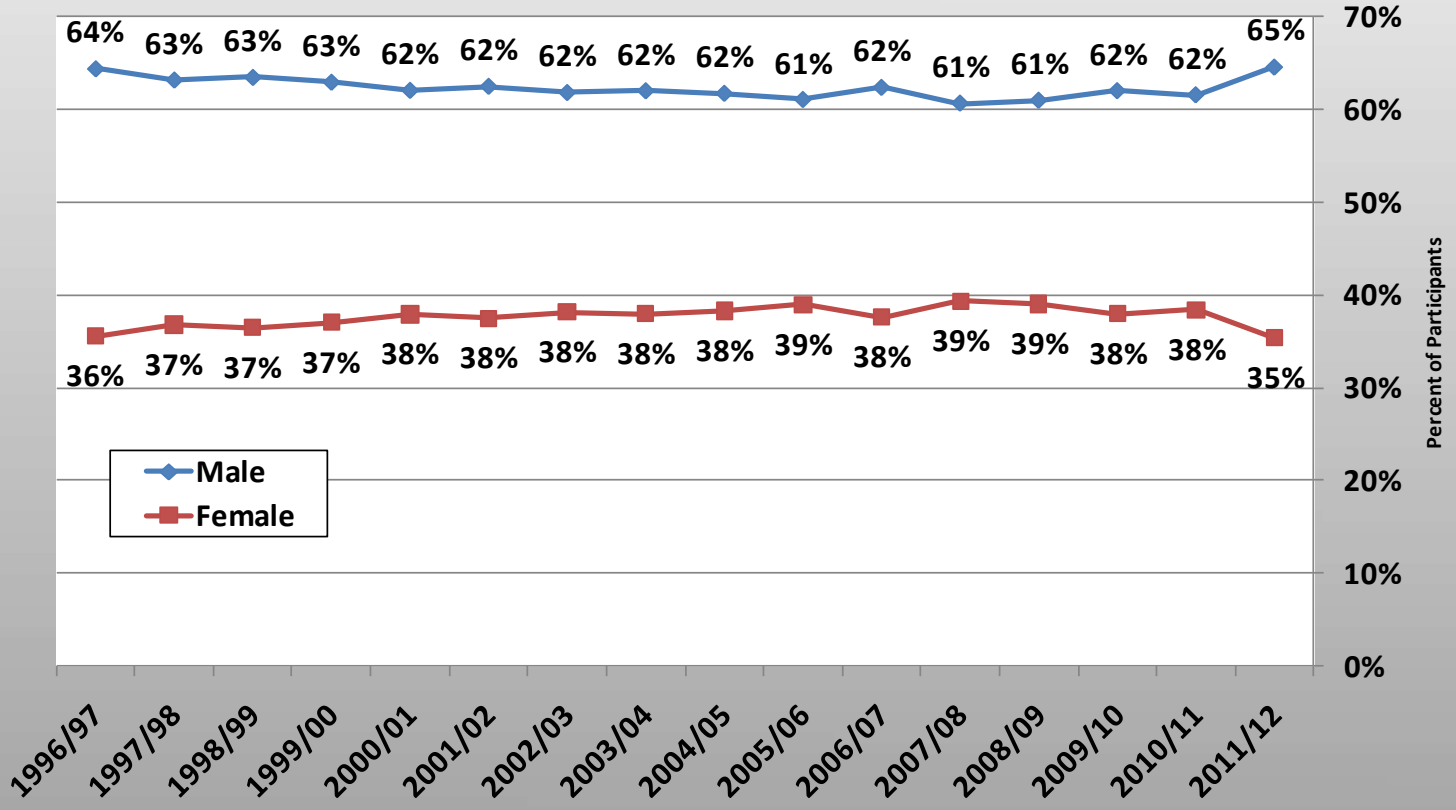
Gender Ratios for Snowboarding Participants: 1996/97 to 2011/12



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Climate Change

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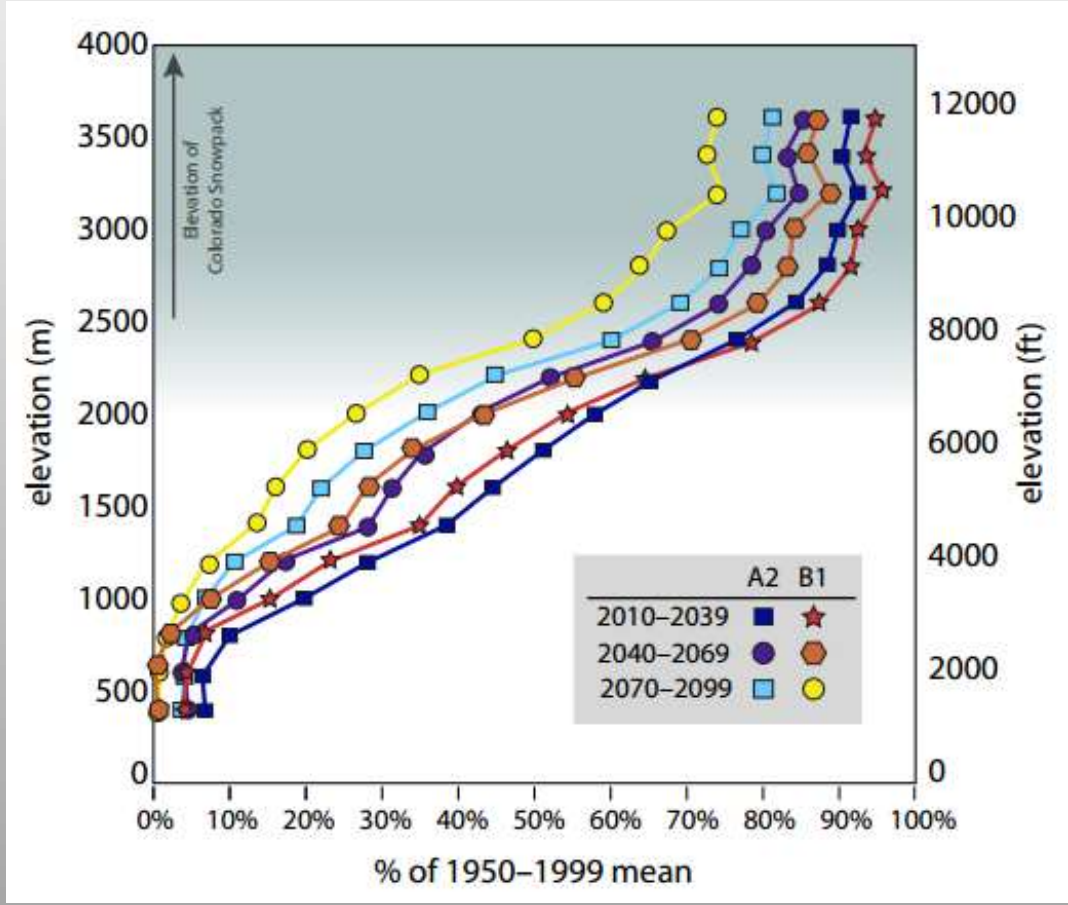
Projected Change in Colorado River Basin Snowpack



Source: 2008, Climate Change in Colorado: A Synthesis to Support Water Resources Management and Adaptation

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Rising Importance of Summer

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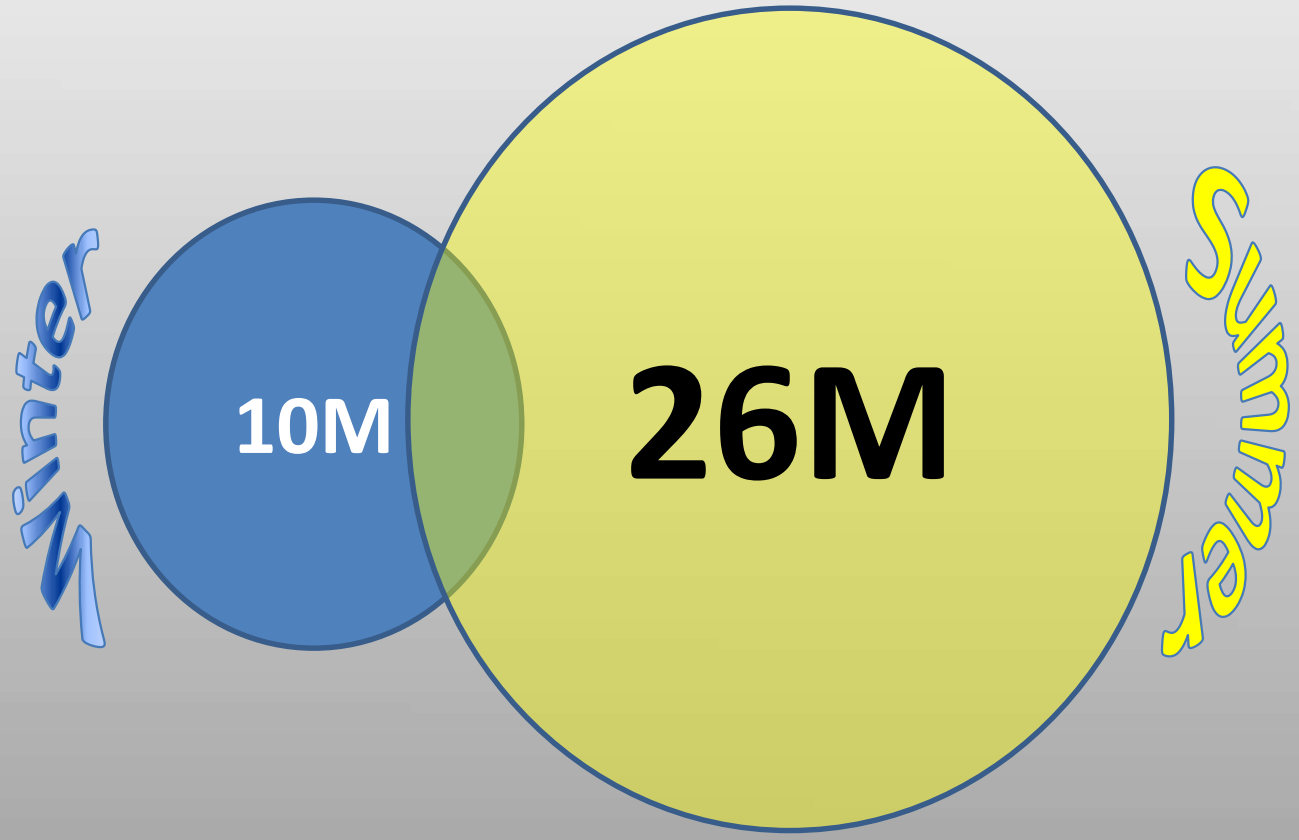
Rising Importance of Summer



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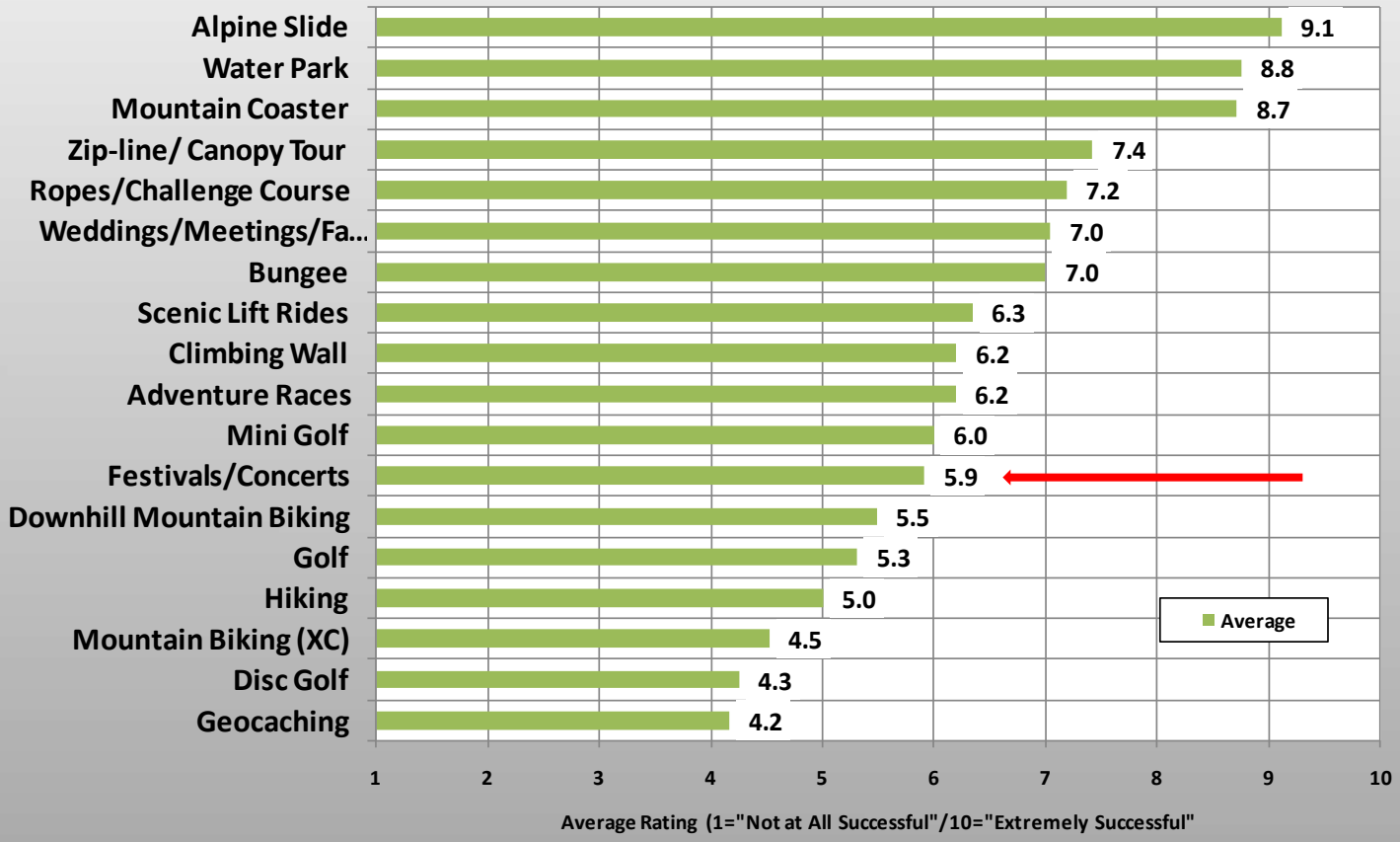
What happens when we lose our edge with regards to unique product and high barriers to entry?

And what if our customer base isn't as dedicated or engaged with the product offerings we can successfully monetize?

Average Rating of Amenity's Financial Success



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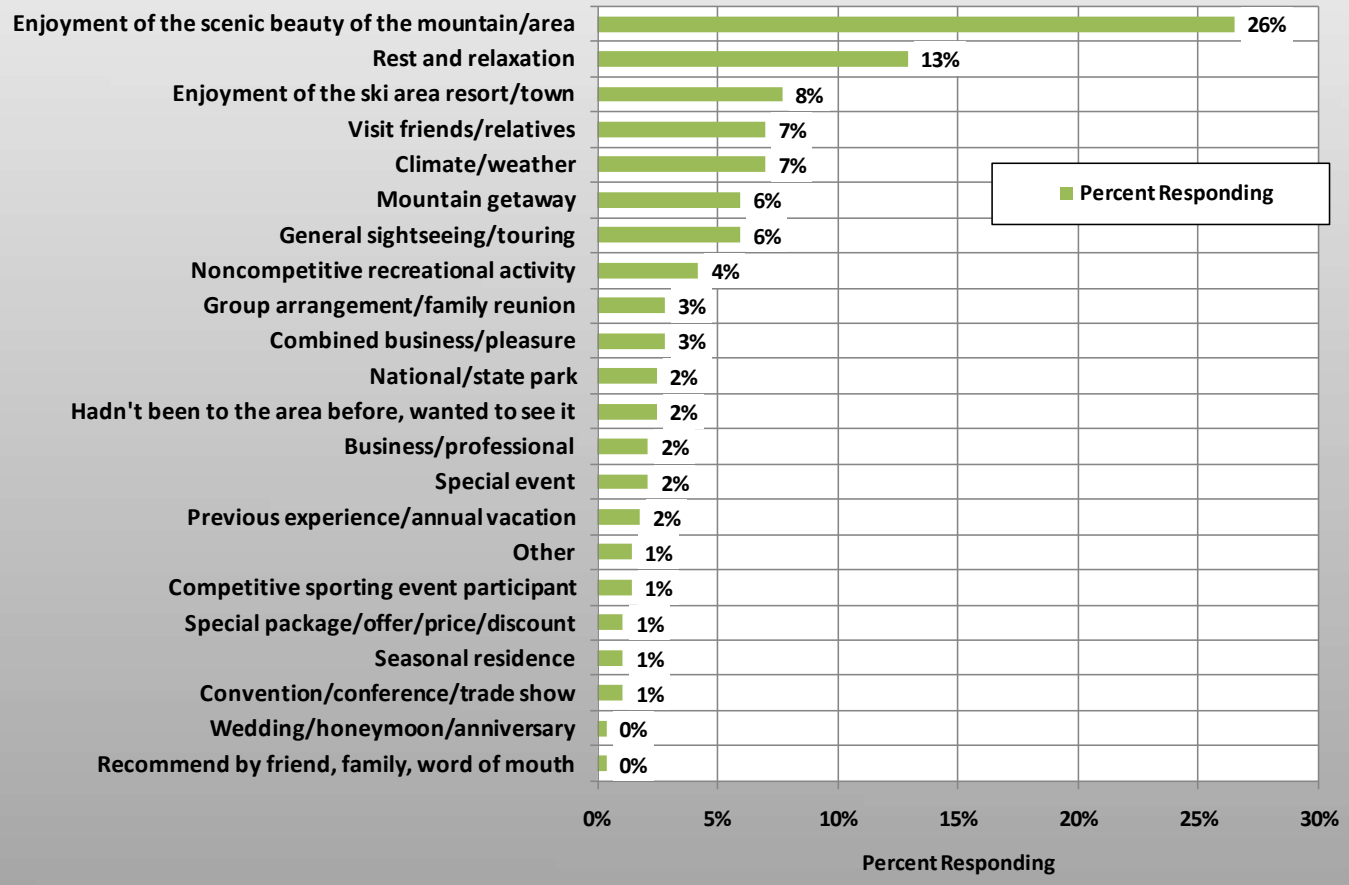
Most Important Reason for Trip to Ski Area



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Conclusions

- Growing snow sports is possible, but not without focused effort.
- Resorts are often distracted from these efforts because of everyday operating pressures and capacity issues.
- Generational differences in participation have the potential to be extremely problematic.
- Climate change is a reality but poses opportunity in some areas.
- Mountain towns with strong historical identities and authentic presence are well positioned to appeal to a younger generation.

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