

Collection, treatment & publication of professional statistics :

Above all, a tool at the service of the operating companies themselves

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1/ INTRODUCTION

The development of cable transport, principally in mountainous areas, following on from the first means of transport for agricultural purposes to reach the summer pastures or public transport (Cf. Mr P. Montaz intervention at the Barcelona Congress), brought the operations from a mainly summer activity (transport of mountaineers or ramblers with payment per trip) to a principally winter activity for the benefit of skiers who pay depending on the time spent. The first lifts for the pioneers of skiing were the property of ski clubs for their exclusive use (this is still the case in New Zealand) or of hoteliers for the sole use of their clients. Nowadays, the operation of ski lifts and areas is the world of big business, seeing the creation of specialised groups (e.g. Compagnie des Alpes, ASC, Intrawest, etc.) with a number of companies quoted on the stock markets and the creation of national professional organisations. The time of splendid isolation being a thing of the past, a complete system of statistical analysis to measure precisely the activity of our sector must now be created by each of the national federations, to be a faithful representation of the profession with regard to his own immediate environment (control authorities, legal & judicial authorities, media, etc.) and to allow each of its members to position itself with regard to its national competitors (benchmarking). A harmonisation of the presentation of the results would allow organisations, such as the OITAF & especially its Committee N°4 in which I have the honour to participate, to draw up a European or even a world "balance-sheet" of this activity.

2/ THE MEASUREMENT PARAMETERS (direct & their ratios)

2.1 Operating parameters

In the business world, the most obvious, natural, parameter is the evaluation of the turnover expressed in the national currency (US\$, CAN\$, DM, SFR, etc.). The European countries, apart from Switzerland, now have the chance to have a common accounting unit, the EURO, with which to compare not only their respective national turnovers but also that of their sub-divisions (regions, sectors, etc.)

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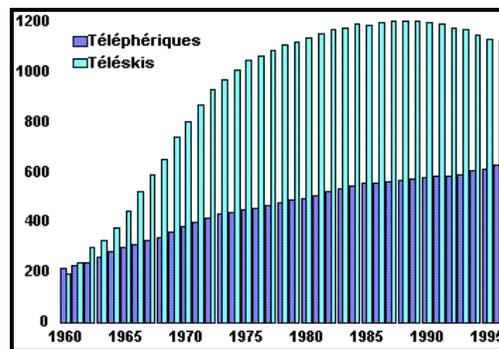
The second historical parameter, a leftover from the time when cable-cars were open in summer, is the number of trips, up and/or down.

The third, which is the consequence of skiing and with it its rates depending on time spent, is the number of skier days sold. For this parameter, a certain number of national or international conventions must be adopted for the valorisation of half day passes (0,7 or 1 day) & for "season" or "annual" passes (15, 25 or more days).

The fourth, and most innovative factor, is the total vertical "consumed" by the skiers : each trip is no longer a single unit, but is replaced by the vertical of the lift in question. This allows a proper distinction between a drag-lift of a mere few metres vertical rise and the latest generation of gondolas and funitel where the rise can be well over 1000m!

2.2 Investment parameters

With regard to annual investment programmes, the standard quantification is simply monetary, because apart from the construction of new lifts, it is also important to take into consideration the important investments in trail work, snow-making facilities, trail grooming machines, signage, ticket emission and automated control procedures.



But taking into account the time necessary to construct lifts, with the resulting difference in value even for identical technology, the total investment is, more often than not, translated into the number of lifts per country, with perhaps a classification per type of lift (funicular, cable-car etc.)

However, the arrival of lifts with very varying performances have led the operators and their representatives to prefer the notion of "vertical hourly transport capacity" (VTM/H) or "lift power" which are far more significant indications.

2.3 Essential ratios

The expression of local, regional or national turnover in our profession can be expressed by one of the following formulae :

Rev. = Sum(Nj x Puj)or Sum(Nm x Pum)or Sum(Nh x Puh)

In which : Nj is the number of skier days sold
Puj is the average unitary sales price of a day's skiing

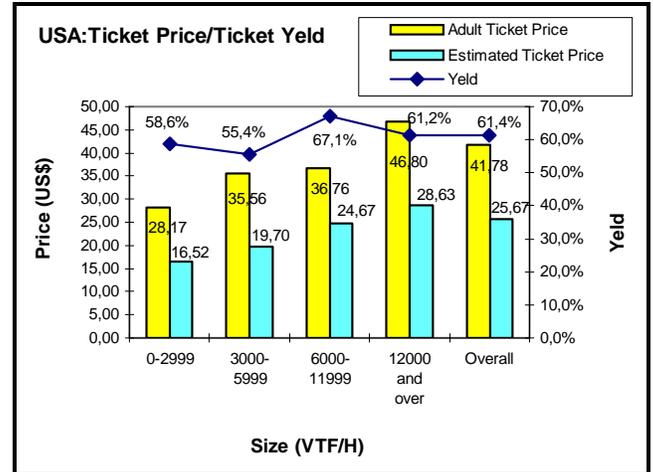
Nm is the number of trips (uphill only)

Pum is the average unitary sales price of an uphill ski trip

Nh is the total vertical consumed by the skiers

Puh is the average unitary sales price of an uphill trip but also

the downhill trip, far more important to our skier customers.



This mathematical breakdown of our turnover brings to light three important ratios in our profession :

the average price per day's skiing : Puj : CA / Nj

the average price per uphill trip : Pum : CA / Nm

the average price per unit of downhill vertical : Puh : CA / Nh

The "horizontal" or "vertical" study of these ratios, allows, on the one hand, the comparison of unit prices in each resort, in each region or each country, and on the other, for each participant, to follow their development over a period of time, providing that inflation is taken into account.

3/ PRESENTATION OF THE RESULTS

The analysis of the results must, above all, be of use to the operating companies themselves by allowing them to compare their own performances with that not only of the profession overall, but also with those of the same "segment" : region, comparable size of activity (sorting by turnover and/or vertical hourly transport capacity). Our activity seems to have reached maturity and only detailed analysis can reveal interesting variations which tend to be swamped in global results. Therefore, we propose a presentation of the results which allows each and everyone, be they the operating company, control authority, tourist administration, financial analyst or journalist to appreciate the vitality of our profession by answering the 6 following simple but fundamental questions :

3.1 HOW MUCH and at what price?

Quantification of the operation by its monetary evaluation but also using the services provided : trips, skier days, total vertical consumed. As explained in paragraph II 1., the determination of the three fundamental ratios (average day price, average price per trip or per vertical unit and above all their evolution over a period of time) allows the

comparison of the profitability of the operation. The segmented study of public rates (e.g. adult day pass) of resorts, depending on the regions and/or their size, in parallel with the study of the effective average day prices for the same segment provides the evolution of the returns of the tarification or YIELD. It is now essential for each company to situate itself (benchmarking) with regard to its competitive environment.

This activity is not a state controlled monopoly, but, on the contrary, the result of several hundred operators of greater or lesser importance. This brings in the second fundamental question for the knowledge of the participants in and their respective shares in the activity.

3.2 WHO does what?

The first parameter which can answer this question is the number of companies which undertake this activity with an additional indication being the number of groups or consortiums, such as the Compagnie des Alpes, Intrawest, A.S.C.

The second important parameter for this subject, once the segmentation of the size of the companies by their vertical hourly transport capacity where 4 categories would seem to suffice, is their market share based on one of the four basic criteria (turnover, trips, ski days, vertical consumed) provided by each segment. It will often come to light that the segment of the most "powerful" companies, though small in number, generate the majority of the activity. (The well known rule "80/20").

The long term study of this structure is also highly revealing of its vitality : creation/disappearance of companies, concentration etc.

Despite the fact that this congress is being held in San Francisco, whose famous, 100 year old cable tramway functions all year round, the majority of the companies which make up the profession operate in tourist areas with bi or even mono seasonal activity. The next question concerns therefore the spread in time of our activity.

3.3 WHEN takes place the most important part of our activity?

Our business is, as a general rule, dependant on the season and thus concentrated over short periods of time. External events for political reasons (elections, change in school holiday periods), for climatic reasons (bad weather, too much or too little snow) can have a serious influence on the results of the period in question. We propose that for companies in the northern hemisphere, the year be divided into 4 separate periods :

summer : from 1st June until 31st October

beginning of the winter : 1st November until the 4th Friday in January

heart of the winter : 6 or 7 weeks (to be determined but constant in their duration)

end of the winter season : until 31st May.

Important variations in the activity can be noted especially at the beginning and/or the end of the season depending on the snow cover, even though snow making facilities have now partially compensated the whims of Mother Nature.

This analysis is essential because the solution to a drop of 20% in the activity at the beginning of the season, for example due to lack of snow, requires a technical solution

(snow making) which is vastly different to a 5% drop over the entire season which demands a marketing response.

Certain meteorological phenomena such as El Nino seem to have a decisive influence in the variations in the snow cover which have been noted throughout the world. This raw material is vital for many resorts and determines the answer to the next question.

3.4 FOR HOW LONG can we operate?

Statistics compiled in several countries (Switzerland, Australia, USA) indicate that the average period of seasonal operation has diminished by some 10 days over the past two decades. It is therefore imperative to know and to follow this evolution in order to find compensatory solutions to maintain the economic viability of our costly installations.

But these variations do not always affect the totality of the regions where our activity is carried out, due to altitude for example, which leads us to the next question.

3.5 WHERE are our operations based ?

Each national association is organised into regional sections covering larger or smaller geographic areas, which each make up a statistical unit for the 4 base parameters and their corollary ratios. As such, the economic contribution of each "section" is provided annually and the indication of previous performances (often the last five years) are the basis for the comparison for each member of the section.

This geographical division is also used for investments which brings out the wealth or the vitality of such and such a region or section, using simple statistical facts such as the ratio between the amount of annual investment divided by the turnover.

These differences between regions brings to light the different means used by each of them, that is to say the answer to the 6th fundamental question.

3.6 WHAT are the elements essential to our activity ?

For the vast majority of operators whose activity is based in winter, the four indispensable elements are : snow, lifts, staff to operate and maintain them and clients willing to purchase the services.

Natural snow cover, whose "infidelity" is obvious from the diagrams showing total snow falls at representative points or the depth of the snow cover during the season. It is obvious that lengthy statistics (40 years in Australia) are of particular interest. They allow an objective judgement as to the necessity of snow making facilities, which guarantee a stable level of snow cover and thereby a sufficient number of operating days to guarantee the financial equilibrium of the company. The means to follow snow making are generally regional (Switzerland, Austria, France, etc.) by annual investments or with regard to the percentage of the resort guaranteed via these installations.

The national or regional number of lifts are followed up in several countries with a distinction between the different types of lift technology (drag-lift, button lift, chair-lift,

etc.), quantitatively over the years but also with regard to their contribution to the number of trips.

The overall numbers of staff employed by the activity are frequently published, sometimes with additional information such as the numbers of year round employees and those employed only in winter or in summer. These elements are also the direct consequence of the development of tourist resorts in mountainous regions which would otherwise be subject to natural population loss.

The other investments such as trail work, grooming machines, signage, or ticket emission and control systems are habitually treated as an annual investment sum. Their increased part in the overall investment programmes pay witness to a better understanding of the needs of skiers/snowboarders with regard to safety and to service in general.

The statistical information about clients is rarely published, probably to preserve an element of commercial secrecy! The knowledge of a certain number of essential facts, such as the number of foreign clients (preferably by country of origin), or national clients by region of origin, would give the professional organisations and their usual partners the possibility to organise promotional campaigns for winter sports which would be far more efficient than at present.

4/ QUALITIES EXPECTED FROM PUBLISHED STATISTICS

Two qualities are essential : "**Freshness**" and "**Reliability**". These two qualities are dependent essentially on the system of collection and the treatment of the information. Depending on the country, the information is compiled directly by the national professional association, or subcontracted to a specialised agency or by a dual sub contraction with the tourist services. As indicated in the introduction, the statistics must be of most use to the operators themselves for them to compare their competitive environment in order to react to correct unfavourable situations.

Our seasons are short and it is always difficult to bring to bear before the end of the season, the corrections necessary to counterbalance a drop in the activity registered at the beginning of the season.

However, it is vital that the corrective action be prepared in order to be undertaken at the beginning of the following season. The results must therefore be available before autumn, between 4 & 5 months after the end of the season, be it to the detriment of precision. It is far better to know in July or August that there has been a drop of between 5 & 6% than to know in November that the exact figure was 5,41%. Through the negligence of many an operator, it is virtually impossible to obtain a thorough collection of all the information with regard to the profession. On the other hand, the covering organisation of the statistical system must be able to guarantee that, depending on the definition of the segments, each category (by size and/or region) is properly represented in order that the extrapolation which is finally deduced by passing from the true figures of the sub-sections to an estimation of overall figures for the profession must be beyond reproach. The accuracy of the published figures depend on these precautions because the corrective actions, both technical and commercial, will derive from them.

5/ NEW MEANS OF COLLECTION AND DISTRIBUTION OF INFORMATIONS

The annual reports of several national organisations (e.g. : Switzerland, Austria, etc.) are already available on the WEB. In the near future, it is easy to predict that almost all will have their own WEB site with which to diffuse "information circulars" to their members and for a variety of other uses. It is therefore this ultra rapid means of communication that should be utilised not only for the distribution of national statistics but also for their collection. When I became a member of the OITAF Committee N°4, I proposed that a standard method of information collection be adopted, using a standard data base programme such as MS ACCESS. This project, submitted to the European Organisations regrouped under the FIANET banner, was judged to be impossible for the time being. I propose, therefore, that the national associations who have mastered their own systems over a period of several years, in the first instance, harmonise the presentation of their results, and in the second stage enrich their questionnaires so that a complete answer can be given to all the questions broached in paragraph III.

OITAF, through its magazine OITAF - NEWS and its web site OITAF.NET would produce the world-wide presentation of these results which would then be available to all.

The acceleration of the regional & national collection of information is easily envisaged via the use of transmission of MS EXCEL files, this programme being far more common. It is already in use by several financial groups such as La Compagnie des Alpes for the transmission of its regular reporting sheets.

6/ CONCLUSIONS

In the business world at the end of this, the XXth century, the epithet attributed to Socrates "Know yourself", even if it is the justification for each operator to create the tools necessary to analyse closely his own commercial results, is no longer sufficient in itself because this analysis must be completed by a comparison with the performance of its competitive environment both regional, national & international. The right technical and commercial options are dependant upon them. Our industry is composed of many actors, often insolated on mountains or in valleys. The XXIth century will probably see a huge development of leisures and we shall have to challenge with many competitors, not only inside our industry but the more often outside of it. So we shall have to get out of our old local isolation and strenghten our industry by working hardly with it. The next decade data will show our decline or ou win.