

ALL RESORTS SEASON ENTRY PASS TRIAL

ASSESSMENT REPORT

FEBRUARY 2009



Alpine Resorts Co-ordinating Council

ABN 87 537 598 625

Level 2, 8 Nicholson Street (PO Box 500) East Melbourne Vic 3002

Phone: (03) 9637 9642 Fax: (03) 9637 8592 E-mail: enquiries@arcc.vic.gov.au

Website: www.arcc.vic.gov.au



ALL RESORTS SEASON ENTRY PASS TRIAL ASSESSMENT REPORT

1. BACKGROUND

- 1.1 In response to continuing calls for the release of a pass to allow access to all Victorian Alpine Resorts, the Alpine Resorts Co-ordinating Council ('the Council') in conjunction with the Alpine Resort Management Boards ('Boards') developed a proposal for the release of an All Resorts Season Entry Pass (the 'All Resorts Pass') during the 2008 winter season on a one-year trial basis at a total price of 1.6 times the average season entry pass price for all Victorian Alpine Resorts. The Minister of Environment and Climate Change supported the proposal.
- 1.2 The All Resorts Pass was offered for purchase by all Boards during the season. As part of the trial, Boards ceased to offer the previous discounted second (and subsequent) resort season entry pass arrangement (the 'Upgrade Pass').
- 1.3 The proposal provided for Council, at the end of the winter season and with input from Boards, to assess the trial, prior to making any recommendation to Boards in relation to arrangements (if any) for the offering of an All Resorts Pass for any subsequent winter season.

2. ASSESSMENT

- 2.1 Following consideration by Council's Research Committee as to appropriate criteria, the trial has been assessed against the following three criteria:
 - Is there a strong take up of the passes?
 - Is there an increase in visitation?
 - Are there cost implications for Boards?

Take Up of Passes

- 2.2 The All Resorts Passes were advertised by the Council and all Boards on their websites and in promotional material. While it was well-promoted by some Boards, e.g. on the 'What's New' section of home pages, etc, the material was less prominent on other websites. In April 2008, following Ministerial endorsement of the trial, Council also issued a media release and wrote to a number of peak bodies and user groups representing those visitors considered to be the most likely purchasers of the All Resorts Pass, e.g. race clubs, cross-country associations and siteholder bodies.
- 2.3 During the 2008 snow season a total of 412 All Resorts Passes were sold. Sales of all season passes for 2008 comprised 4,827. The All Resorts Passes comprised 8.5% of that total (see Table 1, below).



Table 1

	2007	2008	% change 2007-2008
	Passes Sold	Passes Sold	
1- Mt Baw Baw	232	64	-72%
2- Falls Creek	2,375	1,582	-33%
3- Mt Hotham	1,796	1,584	-12%
4- Mt Buller/Stirling	2,179	1,091	-50%
5- Lake Mountain	106	94	-11%
All Resorts	-	412	140%
Total	6,688	4,827	-28%
Upgrades as % of Resort-specific	2.6%		
All Resorts as % of Resort-specific		8.5%	

* Compared to Upgrades

- 2.4 By way of comparison, the previous upgrades system resulted in sales of 172 Upgrade Passes, with Upgrade Passes representing 2.6% of season pass sales (total 6,688).
- 2.5 Sales of All Resorts Passes showed a 140% increase over the sales of Upgrade Passes. This has occurred when the total number of Resort-specific season passes sold at resorts has dropped 28% and indicates that the new pass has been popular with visitors.
- 2.6 The majority of All Resorts Passes were sold by Falls Creek and Mt Hotham, with 30.6% and 53.4% of total sales respectively (see Table 2, below).

Table 2

Season Passes	Resort Specific			All Resorts				Upgrades	
	Sold	Cards Returned	Sample Size	Sold	%	Cards Returned	Sample Size	Sold Previously	%
1- Mt Baw Baw	64	1	2%	3	0.7%	1	33%	0	0.0%
2- Falls Creek	1,582	293	19%	126	30.6%	32	25%	98	57.0%
3- Mt Hotham	1,584	110	7%	220	53.4%	40	18%	33	19.2%
4- Mt Buller/Stirling	1,091	139	13%	8	1.9%	-	0%	36	20.9%
5- Lake Mountain	94	5	5%	55	13.3%	8	15%	5	2.9%
ARCC	-	-	-	-	-	1	-	-	-
	4,415	548	12%	412	100%	82	20%	172	100%

- 2.7 Anecdotal feedback from cross-country skiers in relation to the All Resorts Pass trial has been positive. Ski Cross Country Victoria Inc. has undertaken to survey its members in relation to the trial. The results of this survey are unavailable at the time of preparing this report.

Visitation

- 2.8 Using the returned survey cards, visitation by the holders of All Resorts Passes and Resort-specific Passes has been compared. Some 82 completed All Resorts Pass survey cards (including one from the Council's vehicle) were returned to Council, being a 20% sample. This is considered an excellent sample size (in terms of both percentage of sales and numbers of cards) from which valid conclusions can be drawn (see Table 2 above). In the case of Resort-specific Passes, a total of 548 survey cards were returned to Council, representing a 12% sample. This is also considered a valid sample for analysis.
- 2.9 Analysis of returned cards showed that All Resorts Passes generated slightly less visitor days, a slightly lower number of people per vehicle, a greater



number of visits and a lesser number of visitor nights, when compared to Resort-specific Passes (see Table 3, below).

Table 3

All Resorts Pass and Resort-specific Pass Comparisons		
	All Resorts Pass	Resort-specific Passes
Average Number of Visitor Days per Vehicle Season Pass =	56.0	59.7
Average Number of Vehicle Days per Vehicle Season Pass =	22.3	23.1
Average Number of People per Vehicle Season Pass =	2.4	2.6
Average Number of Visits per Vehicle Season Pass =	7.3	5.2
Average Number of Visitor Nights per Vehicle Season Pass =	38.5	47.5

2.10 It is evident that the holders of All Resorts Passes have similar visitation characteristics, compared to the holders of Resort-specific Passes, when measured in terms of visitor days; however, they make more visits and stay less nights. One could conclude that the All Resorts Pass holders, who are making similar use of Resorts in total, see value in paying a premium in entry charges for the convenience and flexibility offered, rather than to increase their total visitation.

2.11 The survey also reveals that of the average 56 visitor days spent in the Resorts by the holders of All Resort Passes, 20 days (35.9%) were spent at Falls Creek and 26 days (46.4%) were spent at Mt Hotham (see Table 4, below). Possible explanations include the fact that lift tickets at the two Resorts are interchangeable and the fact that for many day visitors based in the North East, both Resorts would be similarly attractive destinations.

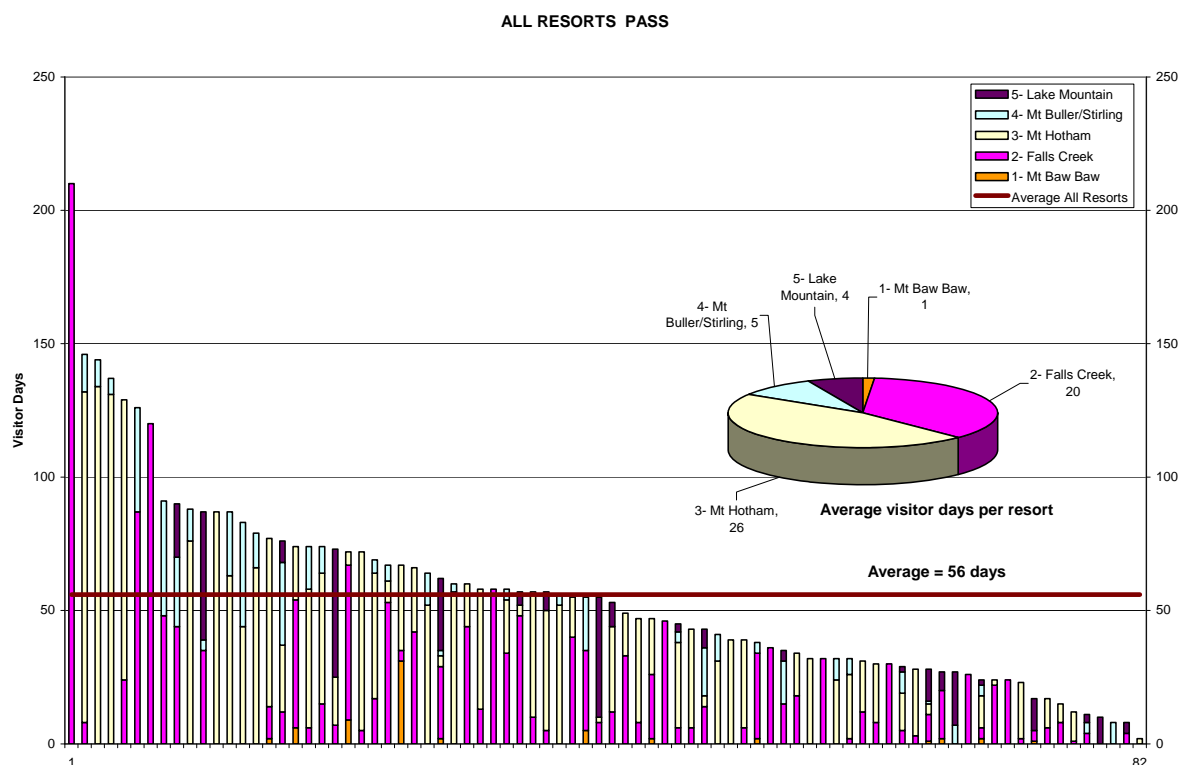
Table 4

	1- Mt Baw Baw	2- Falls Creek	3- Mt Hotham	4- Mt Buller/Stirling	5- Lake Mountain	
Av. Visitor Days	1	20	26	5	4	56.0
%	1.4%	36.0%	46.4%	9.6%	6.6%	100.0%

2.12 The detailed results are also shown (see Graph 1, below).



Graph 1



2.13 The survey reveals that visits to two resorts comprise the largest group of visitors (43%), with visitors to three resorts (30%) being the second largest group. Holders of All Resort Passes visiting more than three resorts total 9% (see Table 5, below). Somewhat surprisingly 18% visited only one resort, clearly not a rational financial decision. Possible explanations are that intentions were not achieved or that some event occurred to interrupt plans, as noted by at least one survey card respondent.

Table 5

No. of Resorts Visited	1	2	3	4	5	
No. of All Resorts Pass Holders visiting	15	35	25	4	3	82
	18%	43%	30%	5%	4%	100%

Revenue Implications

2.14 An estimate of the revenue implications for Boards has been made, based on the agreed trial methodology of allocating revenue in proportion to All Resort Passes sold by each Board. For the purposes of this estimate it is assumed that all Passes sold were 'Early Bird' passes because of the discount available.



2.15 The results are shown in Table 6, below. The revenue projections produced prior to the introduction of the trial, as well as estimated revenue collected by each Board, are also included in Table 6.

Table 6

[Please note that Table 6 has been provided to the Minister and contributing Boards only.]

2.16 The estimates show that compared to the income received from Upgrade Pass sales in 2007 (172 passes sold) the revenue implications for Boards are favourable in all cases other than for the Mt Buller & Mt Stirling Board. In the latter case the revenue loss (~\$4,000) is not considered significant, especially in relation to total Board gate entry income (~\$3 million). It is noted that the number of All Resort Passes sold by the Mt Buller & Mt Stirling Board is significantly less than the number of Upgrade Passes previously sold by that Board. One possible explanation is that visitors purchased their All Resorts Passes elsewhere to take advantage of 'Early Bird' discounts available at other Resorts but not offered by the Mt Buller and Mt Stirling Board.

2.17 A comparison of visitor days (as a proxy for Board expenditure) and pass sales (as a proxy for Board income) attributable to All Resort Passes has been prepared to provide an indication of the relative value or impact of the All Resorts Pass to or on each Board. The analysis uses percentages as it is not possible to determine value in absolute terms. The results are shown in Table 7, below.



Table 7

Comparisons of Visitor Days and All Resorts Passes Sold						
	1- Mt Baw Baw	2- Falls Creek	3- Mt Hotham	4- Mt Buller/Stirling	5- Lake Mountain	Total
Total 2008 Winter Visitor Days	64,285	351,263	326,209	489,994	119,552	1,351,303
All Resorts Passholder Visitor Days	327	8,305	10,697	2,216	1,522	23,067
Proportion of All Resort Passholder Visitor Days to Total 2008 Winter Visitor Days	0.5%	2.4%	3.3%	0.5%	1.3%	1.7%
Proportion of All Resorts Passholder Visitor Days to each Resort	1.4%	36.0%	46.4%	9.6%	6.6%	100.0%
Proportion of All Resorts Passes Sold	0.7%	30.6%	53.4%	1.9%	13.3%	100.0%

2.18 Assuming that a lesser proportion of visitation compared to pass sales is favourable to a Board and vice versa, this table shows that the comparison is most favourable for Lake Mountain and least favourable for Mount Buller and Mount Stirling. However, given that visitation by the holders of All Resorts passes represents only 1.6% of total visitation to Victorian Resorts and, in the case of Mount Buller and Mount Stirling, only 0.4% of visitation to those Resorts, the impact is not considered significant.

3. IMPLEMENTATION ISSUES

3.1 One major anomaly was identified during the trial.

Purchase by Commercial Bus Operators

- 3.2 Concerns were raised about the sale of All Resorts Passes to commercial bus operators for motor vehicles having not more than 12 seats.
- 3.3 The All Resorts Pass was introduced with the intention of making it easier for snow sports competitors, cross-country skiers and other snow sports enthusiasts to visit more than one alpine resort during the winter season. The All Resorts Pass was clearly not intended to be a mechanism that enables passengers in buses being operated by commercial bus operators to avoid paying the relevant resort entry fee.
- 3.4 Although under the regulations any season pass issued for such a vehicle is not valid, they were, never-the-less, issued and subsequently honoured, as a show of good faith.
- 3.5 In the event that the All Resorts Pass is offered for sale in 2009, it would be appropriate to make it explicit in all promotional material and pass conditions that the Pass is not applicable to commercial vehicles.

Marketing

- 3.6 As the All Resorts Pass was not released until April 2008, it was difficult to include notification of its availability in much of the Boards' marketing to their stakeholders.



- 3.7 In the event that an All Resorts Pass is offered for sale in 2009, earlier notification and advertising of its availability, consistent with the timing of advertising by Boards of their Resort-specific season pass offerings, may lead to increased sales.

4. FINDINGS

- 4.1 The trial rolled out in accordance with plans. The one area that merits attention is in relation to commercial buses as detailed above. In the event that the All Resorts Pass is offered for sale in the future this matter will need to be addressed.
- 4.2 Based on sales, there was a strong take up of the All Resorts Pass and it was well accepted by visitors.
- 4.3 A high proportion of survey cards were returned to the Council, which enabled a valid assessment of visitation to be made. Holders of the Passes generally visited two or more Resorts, made more visits than the holders of other Resort-specific Passes and spent a similar number of visitor days but a lesser number of visitor nights in Resorts. It could be concluded that the offer of this new Pass enhanced visitation.
- 4.4 The total revenue raised was significantly higher than that of the previous Upgrade Pass arrangement and favourable for all but one Board.
- 4.5 It is considered that having regard to the assessment criteria, the trial has proven to be a success.

