Accommodation Supply and Demand during the Peak Winter Season on Mount Buller

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This report is a summary of research conducted by Sunny Oliver-Bennetts as an Honours Project undertaken through the School of Sport, Tourism and Hospitality of the Faculty of Law and Management, La Trobe University. The research was undertaken in partnership with the Alpine Resorts Co-ordinating Council.

The report was prepared for the Alpine Resorts Co-operation Council by Sunny Oliver-Bennetts and has been web-published at www.arcc.vic.gov.au by the Council to make the research results accessible to interested persons and organisations.

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EXECUTIVE SUMMARY

Seasonality is problematic for alpine resorts. Fluctuations in demand result in difficulties managing accommodation parameters such as over-utilisation and congestion at one extreme and under-utilisation at the other. This research aims to determine the nature and extent of any problem on Mt Buller regarding the mis-match of accommodation supply and demand in the peak winter season. There is potential for this project to make a significant contribution to the existing gaps in research on the issue.

Both quantitative and qualitative methods of data collection and analysis were utilised, including 164 mail-out surveys to accommodation providers on Mt Buller and seven semi-structured in-depth interviews with key stakeholders.

It was determined that accommodation demand did not reach full capacity during the peak period of August 2004. Moreover, it was found that a mis-match of supply and demand occurs generally only for a small number of days (9.2% of the entire ski season) and then only for some styles of accommodation.

Stakeholder response to the issue indicated that there is a potential problem. Yet on the basis of the data collected, the perception of accommodation supply and demand mis-match does not present as a significant issue.

A number of recommendations are made suggesting ways that resort management could respond to the findings raised in the research.
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1.0 INTRODUCTION

1.1 Report Structure

This report has four sections. Section 1, Introduction, provides background to the research topic and defines the research aims and hypothesis. Section 2 outlines and justifies the chosen methodology for this study, which attempts to address the gap in current research in the accommodation demand / supply balance. Section 3 describes, analyses and discusses the research results, with the final section, Section 4, outlining the conclusions of the study.

1.2 Industry/Academic Partnership

This research was conducted by the writer as an Honours Project through La Trobe University, in partnership with the Alpine Resorts Co-ordinating Council. The project was conducted from March to November, 2005.

1.3 Background to the Research

There is an unquestionable magic about a landscape blanketed in fresh snow. (Macartney-Snape 1993, p.164)

A pressing issue for alpine resorts today is managing the impacts of seasonal fluctuations in accommodation demand. The peak and off-peak periods in ski resorts have implications for over-utilisation of resources and congestion at one end of the spectrum and under-utilisation and low profitability at the other, thereby creating problems for resort viability and their long-term sustainability. Australian ski resorts are particularly susceptible to these fluctuations in demand as they rely heavily on optimal snowfall and temperature.

Alpine resorts worldwide may face serious economic and environmental problems from climate change. The Alpine Resorts 2020 Strategy (2004) notes that by 2020 the Victorian ski fields will see a reduction in natural snow cover depth and shorter average snow seasons. The CSIRO has predicted that Mt Buller could experience a reduction in natural snow cover by 2020 of between 10% (low impact scenarios) and 25% (high impact scenarios). Given these predictions, it is imperative that resorts strategically manage their existing infrastructure to ensure long-term sustainability.

Socio-cultural factors such as holiday patterns also influence seasonality. Visitation is generally high at Mt Buller after good snowfall and when it coincides with visitors’ leisure time including school holidays and special events. Table 1 indicates annual events which impact on seasonal patterns of winter visitation on Mt Buller.
The alpine accommodation sector is a multi-faceted, complicated structure subjected to, at least in the short term, fixed capacity, with all its attendant problems in the face of both seasonality and perishability. Perishability is the process of simultaneous production and consumption. In the case of accommodation, unsold beds one night cannot then be sold the next night.

The type and availability of beds is an important factor in maintaining high occupancy rates during the peak season. The factors bearing on supply of accommodation and its effect on management have either been disregarded or understated in many of the surveys of hotel accommodation management previously undertaken by both the alpine industry and the accommodation industry.

Resort planning and development is crucial to managing impacts of seasonality on accommodation supply and demand. Weaver and Oppermann (2000) identify three basic strategies to encourage the match of supply/demand where there is excessive demand including:

(i) reduce demand
(ii) redistribute demand
(iii) increase supply

Reduce Demand in the Peak Season
Reductions in demand may be necessary if a destination’s carrying capacity is exceeded. This can occur through price increases or capping the number of visitors.

Redistribute Demand
Redistribution of demand refers to increasing the geographical spread of demand such as by encouraging visitors to find accommodation off the mountain at peak times. Other management strategies include effective visitor management techniques ensuring (i) a wide range of accommodation styles to match demand, and (ii) providing events or tailored packages for different niche markets to encourage visitation outside peak times.

Increase Supply in the Peak Season
Expanding the current capacity is a means of dealing with high peak season demand and could include creating new facilities or utilising strategies to spread demand such as ‘time-sharing developments,’ that is ‘the right to accommodations … for a specified period each year, for a specified number of
years for perpetuity’ (Mill 2001, p.16). Time-sharing endeavours to overcome problems with vacant private beds in peak times where the beds may not be utilised by the owner.

Other management strategies to cope with seasonality include *diversification of attractions*, specifically in off-peak periods, and *seasonalised pricing*, which refers to, for example, off-season ski resort prices being lowered to attract visitors.

Negative ecological impacts of seasonality are largely interwoven with the concentration of visitors during the peak season at a destination. It is crucial that resorts cater for peaks in demand whilst not exceeding the destination carrying capacity, which may result in waste management issues, parking unavailability, overcrowding on ski lifts, and negative environmental impacts. Some argue that seasonality in alpine resorts has advantages, particularly from an ecological and socio-cultural perspective, as the off-peak season provides recovery time.

### 1.4 Mt Buller Alpine Resort

Mt Buller Alpine Resort is the focus destination for this study [Plate 1]. It is the largest of Victoria’s six alpine resorts, and is one of Australia’s leading visitor destinations, attracting more than 300,000 visitors over 120 days in winter and some 50,000 visitors in summer.

*Plate 1: View of Mt Buller from the Country-side (Source: Ashkanasy 2004)*

On-mountain accommodation was pioneered as far back as the 1920s. Australian alpine resorts offer the unique experience of being able to stay on the
mountain above the snow line, with ski in/ski out access to the ski field [Plate 2], a feature not widely available at comparable winter destinations in New Zealand. As is shown in Figure 1, Mt Buller has approximately 7,000 commercially available beds (2005) representing the greatest total number of beds above the snowline in Victoria.

Plate 2: Snow Covered Roofs on Bourke Street Village (Source: Ashkanasy 2004)

1.5 Research Topic

There is a perception by some stakeholders on Mt Buller that there is a mismatch in the supply and demand of accommodation in the peak winter season. It is thought that this mis-match of accommodation results in excess demand due to the increasing number of ‘cold beds’, as opposed to ‘hot beds’, on the mountain. This perception is not unique to Mt Buller and consequently, the research has been designed to allow for replication in other Victorian alpine resorts.

Hot beds are defined as beds available to the general public (such as hotels, commercial lodges, apartments, member/family lodges, bed and breakfasts and staff accommodation).

Cold beds are defined as beds privately owned or unavailable to the general public (including member lodges and privately owned apartments).

Given that the utilisation of cold beds is left to the owner’s or member’s discretion, some stakeholders perceive that these beds may lie vacant for extended periods. Some on-mountain operators are concerned that, due to the
number of cold and/or often underutilised beds, there are fewer consumers on the mountain, thereby negatively affecting the viability of the resort. Furthermore, while the resort struggles to satisfy demand during peak periods, these cold beds can lie vacant, reducing the available on-mountain accommodation when it is most needed.

Figure 1 outlines the statistical data regarding the type of accommodation currently available for Mt Buller.

**Figure 1: Resort Accommodation (Source: ARCC 2004)**

| RESORT ACCOMMODATION | 1991 * | 2004 ** | Notes: * Taken from relevant ARC strategic planning reports ** All figures are estimated only
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bed Numbers</td>
<td>Percentages</td>
<td>Occupancy %</td>
</tr>
<tr>
<td></td>
<td>Commercial</td>
<td>Private</td>
<td>(Winter ave)</td>
</tr>
<tr>
<td>MT BULLER</td>
<td>6,200</td>
<td>10</td>
<td>90</td>
</tr>
<tr>
<td>FALLS CREEK</td>
<td>4,000</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>MT HOTHAM</td>
<td>3,600</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>MT BAW BAW</td>
<td>695</td>
<td>20</td>
<td>80</td>
</tr>
</tbody>
</table>

There are clearly limitations in the available statistical data for Mt Buller, as shown in Figure 1. Firstly, the definitions of hot and cold beds are assumed to be the same as commercial and private beds resulting in invalid comparisons between ownership (1991) and use (2004). Second, the 2004 data is based on estimations, not empirical evidence. Given that an accurate understanding of the availability of beds with regard to supply and demand principles is crucial in planning for resort viability, in both summer and winter, there is a need for further research.

### 1.6 Research Purpose

**Research Aim**
The aim of this research project is to determine the nature and extent of any problem on Mt Buller regarding the mis-match of accommodation supply and demand in the peak winter season.

**Research Tasks**
1. Conduct an accommodation audit on Mt Buller in 2005.
2. Determine the degree to which accommodation supply met demand during August 2004 on Mt Buller.
3. Assess the extent to which cold beds contribute to provision and utilisation problems on Mt Buller.
4. Examine management response (accommodation providers and resort management) to problems inherent in such factors as the seasonality of accommodation provision and utilisation in relation to Mt Buller.

**Research Hypothesis**
Accommodation demand reached full capacity at all accommodation premises for the month of August, 2004.
2.0 METHODOLOGY

Section 2 provides an overview of the chosen methodology and the rationale for its choice. Both quantitative and qualitative methods of data collection and analysis have been utilised, encouraging greater validity and reliability of results. Questionnaire surveys were distributed to accommodation site managers, with a 42% response rate, and structured in-depth interviews were conducted with key stakeholders on Mt Buller. The data was collected during the months of July and August, 2005.

2.1 Questionnaire Surveys

Research Design
The method included a mail-out questionnaire survey with the primary aim of conducting an accommodation audit of all on-mountain accommodation, both hot and cold beds, on Mt Buller. The ARCC’s main concerns were to determine:

- what accommodation exists on the mountain (bed numbers);
- the proportion of hot and cold beds;
- the style of the accommodation;
- the price of accommodation styles per person per night for week days and weekends;
- occupancy rates for accommodation during the peak winter season; and
- whether accommodation supply matches demand.

In order to secure these figures a survey of site managers (164), who are representative of all accommodation premises, was taken. The survey also aimed to determine the perspectives of cold beds managers on the hot bed/cold bed issue, and the factors (if any) that might persuade them to make these beds available to the public.

The quantitative survey design encouraged consistent answers relating to reliability, and the validity of surveys was enhanced via the use of direct and unambiguous language. Moreover, the survey is designed with the potential to replicate the accommodation audit at other Victorian resorts.

Collection Method
Of the 164 questionnaires mailed out, 70 were returned. This represented a response rate of 42% and it contributed to the study’s reliability and sound empirical basis (30-35% is considered a reliable sample, Veal 1997).

Survey Data Analysis
Quantitative data analysis was conducted in order to test the research Hypothesis. Data on accommodation occupancy rates from the 2004 winter season on Mt Buller was chosen for analysis as this season experienced exceptional snowfall, ranking the third greatest season of visitation on record, after 2003 and 2000. In turn, the extent to which accommodation demand met or exceeded supply was significantly tested during the 2004 winter season.
2.2 Structured In-depth Interviews

Population Description & Recruitment
As well as the questionnaire surveys, the methodology included seven semi-structured interviews with key stakeholders on Mt Buller. The stakeholders were recruited via non-probability expert sampling. That is, sampling that involves participants who are identified as having relevant specialist knowledge. The interviewees were chosen to represent each of the key stakeholders at the resort including government, community, commercial enterprise, consumers and environment.

The key stakeholder representation included:
- Government Representation - Mt Buller–Mt Stirling Alpine Resort Management (MBARMB)
- Commercial Representation - Mt Buller Ski Lift Company Pty Ltd (henceforth BSL)
- Accommodation Booking Service - Mansfield–Mt Buller High Country Reservations (henceforth MMBHCR)
- Ratepayer Representation - The Mt Buller Ratepayers Association (RPA)

Research Design
The interviews were designed to:
- ascertain whether the stakeholder perceived an issue of accommodation supply and demand mis-match
- determine whether cold beds were seen as problematic, and, if so
- identify what strategies could be utilised to help address these issues.

The interview process was semi-structured and the questions were open-ended in order to encourage the interviewees to explore a range of ideas in their responses, without arbitrary constraints.

Collection Method
The interviews were conducted in person and via telephone. The length of the interviews ranged from 15 minutes to 29 minutes.

Interview Data Analysis
Qualitative data were analysed using Summation Content Analysis, which involves reducing data into categories that integrate and generalise major themes present in the data.

Secondary Data Analysis
Secondary data analysis was conducted on the following two reports in order to further address issues such as the predicted impacts of climate change on Mt Buller and also the future planning scheme of accommodation provision on the mountain:
- Alpine Resorts 2020 Strategy; and
- Alpine Resorts Planning Scheme Amendment.
2.3 Concept Model

Figure 2 illustrates the way in which each process of the methodological research approach is intrinsically linked to achieve the research aim.

**Figure 2: Research Approach Concept Model**

2.4 Limitations

The key limitations to this study were identified in defining hot and cold beds and the stakeholder sample size.

There is no consistent definition of hot and cold beds, either on the mountain or in academic literature. These terms were defined at the onset of the research by the author to avoid misunderstandings.

The qualitative interviews sample is small (7 interviews) and is therefore not necessarily representative of all stakeholders’ opinions. Yet the interviews are in-depth and the interviewees chosen are key stakeholders in positions of importance (such as CEO, chairperson or manager) and so they should be representative of the interests of their respective organisations.

Aside from these limitations, the study was considered sufficient to investigate the research aim.

2.5 Summary

The mixed method approach adopted comprises a combination of quantitative surveys and qualitative interviews. The data was collected over the winter season from accommodation site managers and key stakeholders on Mt Buller. The findings from the data collection are presented in Section 3.
3.0 RESULTS, ANALYSIS & DISCUSSION

The results of the questionnaire surveys and the in-depth interviews, and a discussion of their analysis and the subsequent significant findings are presented in Section 3. The conclusions to this discussion are outlined in Section 4.

3.1 Questionnaire Results and Discussion

The quantitative data were analysed to address the relevant research tasks and hypothesis targeted through the questionnaires.

Accommodation Audit

Task 1 was to ‘conduct an accommodation audit on Mt Buller, during the 2005 winter season’.

The audit covered 100% of accommodation premises, with all site managers accountable for beds on the mountain surveyed. The response rate was high and considered representative.

Data collected from the accommodation audit is displayed in the following figures and tables. The range of accommodation styles and the number of accommodation premises are shown in Figure 3.

Figure 3: Accommodation Style and Number of Premises

Figure 3 also shows that member/family lodges are the most common style of accommodation, followed by private apartments. Miscellaneous accommodation styles are grouped into the ‘other’ category (for analysis purposes), and include bed and breakfast, part commercial/part member owned lodge and staff accommodation.
Additional data collected from the Accommodation Survey pertaining to bed numbers, charge out rates and waiting lists is shown in Table 2.

**Table 2: Accommodation Audit Figures for Surveyed Mt Buller Premises**

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>Topic</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Total number of beds on Mt Buller</td>
<td>2,991</td>
</tr>
<tr>
<td>4</td>
<td>Hot beds</td>
<td>1,891</td>
</tr>
<tr>
<td>10</td>
<td>Cold beds</td>
<td>1,020</td>
</tr>
<tr>
<td>5</td>
<td>Price range weekdays (per bed per night)</td>
<td>$35 - $400</td>
</tr>
<tr>
<td>5</td>
<td>Price range weekends (per bed per night)</td>
<td>$45 - $740</td>
</tr>
<tr>
<td>7</td>
<td>Percentage of hot bed managers who operate waiting lists</td>
<td>56%</td>
</tr>
</tbody>
</table>

The total number of beds on the mountain in surveyed accommodation was **2991**. Table 2 shows that of these beds, **1,891** were hot, and **1,020** were cold. The price range for accommodation per person per night during the week ranged from $35 to $400. On the weekends it ranged from $45 to $740. Waiting lists for accommodation were used at 56% of commercial premises and member/family lodges on Mt Buller.

**Table 3: Accommodation Audit Figures per Style of Accommodation for Surveyed Mt Buller Premises**

<table>
<thead>
<tr>
<th>Accommodation Style</th>
<th>Hot beds</th>
<th>Hot beds %</th>
<th>Cold beds</th>
<th>Cold beds %</th>
<th>Total beds</th>
<th>Average price per night weekday</th>
<th>Average price per night weekend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>405</td>
<td>21.4%</td>
<td>12</td>
<td>1.2%</td>
<td>417</td>
<td>$156</td>
<td>$228</td>
</tr>
<tr>
<td>Commercial Lodge</td>
<td>90</td>
<td>4.6%</td>
<td>0</td>
<td>0</td>
<td>90</td>
<td>$58</td>
<td>$104</td>
</tr>
<tr>
<td>Apartment</td>
<td>455</td>
<td>24%</td>
<td>770</td>
<td>75.5%</td>
<td>1225</td>
<td>$107</td>
<td>$177</td>
</tr>
<tr>
<td>Member/Family Lodge</td>
<td>401</td>
<td>21.3%</td>
<td>139</td>
<td>13.6%</td>
<td>540</td>
<td>$61</td>
<td>$79</td>
</tr>
<tr>
<td>Other*</td>
<td>540</td>
<td>28.7%</td>
<td>99</td>
<td>9.7%</td>
<td>639</td>
<td>$133</td>
<td>$210</td>
</tr>
</tbody>
</table>

*Includes:
- B & B: 110 (5.9%), 0 (0%)
- Commercial/Membership: 370 (19.6%), 99 (9.7%), 0 (0%)
- Staff: 60 (3.2%), 0 (0%)

* = “other” includes premises listed where figures were not significant enough to be incorporated as individual categories in the statistical analysis.

Table 3 indicates that apartment style accommodation has the greatest percentage (75.5%) of cold beds across all forms of accommodation - with two-thirds of all beds in apartment style accommodation being cold beds. At the
other extreme, none of the beds in the surveyed commercial lodges were cold beds; 100% were hot.

The average price per person per night for weekdays and weekends in the month of August 2004 is presented in Figure 4.

**Figure 4: Average Bed Price per Person per Night for Weekdays and Weekends during August, 2004**

![Average Bed Price per Person per Night for Weekdays and Weekends during August, 2004](image)

It is evident that hotel style accommodation offers the most expensive beds on average, both during the week and on weekends. In contrast, commercial lodges offer the cheapest accommodation on average during the week and member/family lodges offer the cheapest accommodation on the weekends.

**Accommodation Supply and Demand**

Hypothesis: Accommodation demand reached full capacity at all accommodation premises for the month of August, 2004

The findings obtained from the analysis of questionnaires pertaining to accommodation supply and demand for the month of August, 2004, and their bearing on the Hypothesis is presented below.

The extent to which accommodation demand was met by supply for hot beds during the month of August, 2004 on Mt Buller was partly determined by calculating the average percentage of occupancy for each style of accommodation. These results are illustrated below in Figure 5.
Figure 5 indicates that commercial lodges experienced 100% occupancy during weekdays and on weekends. However, accommodation demand did not reach full capacity in every style of accommodation across the whole month, which refutes the research hypothesis. The results indicate all other categories of accommodation had at least 15% of their beds available during the week, although on weekends demand reached full capacity for two accommodation styles (member and commercial lodges), and was within 10% of full capacity for other styles.

The results indicate that one style of accommodation did not have a significantly different occupancy rate compared with another style of accommodation, thereby demonstrating that overall demand was high during that month.

**Hot Beds and Cold Beds**

Cold bed managers were asked, in the questionnaire, whether they had considered making the beds available to the public. Of these responses, 6% said they had considered making the beds available to the public and 94% said no. Cold bed managers reflected on factors that might persuade them to turn their cold beds into hot beds. Their responses were limited to one main factor, involving an increase in incentives such as cash compensation or tax offsets. Furthermore, one of the respondents included the following footnote on the availability of their member lodge accommodation to the general public:

*Whilst it may appear to imply some ‘exclusiveness’ we do regard it as very important to maintain a sociable and pleasant ambience in the Lodge – our members treasure this. At one time we did open our booking system to the ‘public’ but we found this resulted in the presence of ‘yobbo’ elements in the Lodge which destroyed the atmosphere of the Lodge.*
All respondents were asked to comment on whether they had plans to increase bed capacity (to cater for peak demand for extensions). Of those, 15% answered yes and 85% answered no.

### 3.2 Interview Results and Discussion

The qualitative results from interviews with 7 key stakeholders were analysed using *summation content analysis* in relation to accommodation supply and demand, hot and cold beds and the associated research objectives.

**Accommodation Supply and Demand**

*Task 2: Determine the degree to which accommodation supply met demand during August 2004 on Mt Buller*

The information supplied by the interviewees indicated that there has been a shortage of accommodation supply to meet demand for around **11 days in each ski season** (ie a mis-match occurs for 9.2% of a typical 17 week ski season).

The qualitative data above supports the quantitative results on the basis that there was no particular demand flow-on from one style of accommodation to another during the peak period of 2004. As previously mentioned, 15% of beds were available in three styles of accommodation during the week, and 10% of beds were available in two styles of accommodation on weekends. Further, the MBMHCR alluded to the geographical spread of demand during August 2004 due to the bookings made off the mountain.

Stakeholders argued that a geographical spread of demand does not necessarily mean there are no vacant beds on the mountain, due to the type of bed available not matching the type of demand. For example, the empty beds may be too expensive for certain demographics. In this case, the beds that were available in August, 2004 were at the higher cost end of the market.

Affordability of skiing was said to be the critical factor for ski resort supply and demand issues. As this stakeholder explained:

> This problem with Buller [accommodation supply and demand] only scratches the surface. The real underlying problem of going skiing is the costs of going skiing. This is the single factor preventing further advancements on Mt Buller. Therefore, this is why using existing accommodation is essential. Demand will not increase while costs are like they are.

Another stakeholder argues ‘it is not that there are not enough beds, there are not enough beds on offer.’ In other words, this stakeholder believes that there are physically enough beds already in place on the mountain to meet demand, yet due to cold and unused beds, overnight visitation is restricted. Continuing this argument another stakeholder asked, ‘then the question is … do you put on those extra beds to cope with an overflow that may only happen three times a year … where do you draw the line?’
The MMBHCR conducts a retrospective and historical analysis on booking numbers to determine peaks and troughs in demand. However, there is no record of the type of demand that is turned away, which limits the ability to determine any demand spill-over, reducing the opportunity for in-depth analysis of supply and demand factors. MMBHCR does keep waiting lists for accommodation, which is an alternative measure of excess demand. However, this step is only taken in rare situations when clients cannot be convinced to select an alternative style of accommodation and is therefore not a reliable source to analyse demand spill-over.

Hot Bed and Cold Beds

Task 3: Determine the extent to which cold beds contribute to provision and utilisation problems on Mt Buller

There was mixed response from stakeholders as to whether there is a hot bed/cold bed problem on Mt Buller. Of the seven interviewees, three responded that there is a potential problem and the situation needs to be monitored. Three interviewees responded that there is no such problem, and the remaining interviewee affirmed that there is an existing hot bed/cold bed problem.

Traditionally, accommodation on Mt Buller was predominantly ‘member style’, after which hotel style developed offering hot beds to clients who were coming for weekends and short stays. In recent years there has been a trend towards development of apartment style accommodation, brought about by market demand. According to one stakeholder, “we have had a plethora of redevelopment of club lodges where there are a lot of trophy homes and condominiums that are non commercial and I think the net impact of those effects has been to reduce the number of beds that we call hot beds.”

All interviewees agreed that cold beds had increased over time. Various reasons were given as to why this had happened, which revolved around two main issues:

- change in market (preference for apartment style rather than the traditional share style); and
- clubs losing financial viability resulting in redevelopment of clubs’ lodges

As reflected in earlier stakeholder responses, opinions varied on the perceived impact of cold beds on the resort’s economic viability. Of the 7 interviewees, 4 concurred that cold beds have a negative impact, 3 believed that cold beds impact positively, and 1 of these 7 interviewees felt that cold beds impact both positively and negatively on the resort’s economic viability. Some interviewees indicated that the development of cold beds generates economic benefit through initial investment and ongoing service charges. However, the negative impacts of cold beds highlighted by other interviewees include:

- ghost town feel of the mountain, even in winter, if the right mix of accommodation is not ensured by the Board; and
- loss of income through guests not utilising services the mountain has to offer. For example, BSL stated that their business receives $5,000 less in revenue per bed that is cold each year
While the qualitative findings show that the interviewees were quite evenly divided as to whether there was a cold bed issue or not, the quantitative data showed that a mis-match of supply and demand did not present as a significant problem, at least for the 2004 winter season.

Managing Impacts of Seasonality on Accommodation Supply and Demand

Task 4: Examine management response to problems inherent in such factors as seasonality in relation to accommodation provision and utilisation on Mt Buller

Interviewees were asked to suggest strategies that could be employed to ensure a closer alignment of supply and demand of accommodation. Their responses were:

- Pricing strategy. This is a system currently used by the Mount Buller Alpine Resort Management Board.
- Geographic spread of demand. In peak periods, visitors are forced to stay off the mountain in adjoining towns from Sawmill Settlement to Jamieson;
- Effective booking service;
- Prioritising commercial accommodation proposals for any new permitted developments on the mountain. This was argued by one stakeholder who claimed that new sites out for tender should be solely reserved for hot beds;
- Encouraging member lodges to join the reservation booking service. There is currently a drive towards encouraging cold bed managers to join the MMBHCR accommodation booking service. Most interviewees agreed that the booking service was an effective way to cope with problems inherent in seasonality.

A MBARMB representative stated that the Board’s role in determining the variety of accommodation provision on the mountain is ‘to try to ensure that there are beds available … but we have tended to let the market look after that a bit.’

The MBARMB representatives were also asked whether consideration was given to the balance between private and commercial provision of accommodation. Their response was that while it is an issue, the Board has not undertaken any direct intervention and in any case they have limited ability to do so under the planning scheme.

Several other interviewees suggested strategies that could be employed to increase the number of commercially available beds on Mt Buller. Their responses included the following:

- following of international examples such as Whistler, Canada, where a time-share system is implemented; and
- providing a mix of accommodation (for example, developing more 1, 2 & 3 star style accommodation that is affordable and accessible to a wider market including school groups).
Not all stakeholders were in favour of increasing commercial beds on the mountain. It was argued that the ‘real’ issue regarding accommodation provision and utilisation is that ‘accommodation is dramatically underutilised … [and] that more work is needed on better utilisation of existing accommodation’.

The MBARMB representatives identified possible planning strategies for the future mix of accommodation for Mt Buller. Their verbatim responses include:

- this issue has not been addressed but is something we need to look at;
- the Board has identified a shortage of budget style accommodation;
- planning strategies are in accordance with market demand – best price; and
- the C15 planning scheme for alpine resort accommodation is under current amendment and will replace the existing planning scheme

Secondary data analysis conducted on the Alpine Resorts Planning Scheme directly relates to point 3 above (DSE 2004). A key element in the monitoring and review of this planning scheme is to ‘encourage a diverse range of accommodation within the village that caters for the needs of the permanent and visitor population’. The amendment states the plan to develop an extra 2,000 beds over the next 10 years on Mt Buller. Furthermore, opportunities for future development beyond this target will be considered if it can be demonstrated that the potential growth will be environmentally and economically sustainable.

The results highlight a contrast between the quantitative and qualitative results regarding future planning strategies for accommodation. The most frequently occurring response to cope with impacts of seasonality, as identified by stakeholders, was encouraging member lodges to join the MMBHCR booking service. However, according to the accommodation questionnaire, 94% of cold beds managers had not considered making their beds available to the public. Respondents suggested that they could be persuaded by an increase in incentives such as cash compensation or tax offsets.
4.0 CONCLUSIONS & RECOMMENDATIONS

Seasonality is one of the most characteristic features of the tourism industry with particular implications for Victorian alpine resorts. The aim of this research project was to determine the nature and extent of any issue on Mt Buller regarding the mis-match of accommodation supply and demand in the peak winter season. With exceptional snowfalls and consequent heavy demand, the 2004 winter season provided a suitable focus for this research. The following section concludes the results and analysis from the research whilst addressing the aim. A model has been developed as a result of the research findings and is directly applicable to alpine resort management. Recommendations for its use are outlined.

4.1 Conclusions

The research findings do not support the perception of Mt Buller’s commercial on-mountain operators that there is a major mis-match of accommodation supply and demand in the winter season. Nor do the findings support the view that cold beds restrict visitation.

This conclusion arises from the research which shows that occupancy did not reach full capacity in any of the accommodation styles – other than commercial lodges (see below) during August 2004, which was the third busiest season on record.

As demand outstrips supply in only some accommodation styles for a limited number of nights (a total of 9.2% of all accommodation nights) during the winter season, supply is clearly not generally limiting across the season. Consequently, cold beds have no substantial impact on visitation at present.

During this limited period of mismatch between supply and demand, potential visitors may still visit the resort (although no quantitative data was obtained on this question, interview information indicated that there was a geographical spread of demand off the mountain in nearby towns during this period of limited on-mountain accommodation) and purchase parking, taxis, gate entries, lift tickets, food and lessons. In any case, if supply was increased to meet the small period of unmet demand, the results show that it would result in a major over supply of beds outside the small peak period.

In August 2004, commercial lodges were in high demand experiencing 100% occupancy on both weekdays and weekends. Any potential supply/demand imbalance problem thus relates to demand at the cheaper end of the market with little room in future seasons for an increase in visitation at this time.

4.2 Alpine Resort Accommodation Supply and Demand Model

Conclusions extrapolated from the findings were considered and have been incorporated into the following model, shown in Figure 6, which is specifically applicable to alpine resort management.
Figure 6: Managing Seasonality’s Impacts on Supply and Demand of Alpine Resort Accommodation

Figure 6 shows the impact of seasonality on supply and demand factors. The model highlights planning and development considerations that directly link to a mis-match of accommodation supply and demand. This mis-match results in the modifying process that extends to incorporate future management strategies to cope with impacts of seasonality on supply and demand of accommodation.

4.3 Recommendations

There are several ways in which the issues presented in the previous discussion and conclusions could be responded to:
1. **Upgrade accommodation supply and demand analysis systems**

In order to forecast and plan for future accommodation demand patterns, it is crucial that managers have appropriate recording and analysis systems. Currently the MBARMB does not have figures on the proportion of hot and cold beds, nor do they have a record of longitudinal occupancy rates for different styles of accommodation. Furthermore, it appears that the MMBHCR does not keep a record of excess demand and the style of accommodation requested by the visitor. Consequently, a yield management system which records such information is recommended. Such a system, preferably a sophisticated electronic system, could be operated by the MMBHCR.

2. **Encourage club lodges to join the MMBHCR booking service**

Existing accommodation on Mt Buller could be ‘better utilised’ by encouraging member lodges to join the MMBHCR booking service. This could involve the Board offering cold bed managers financial or other incentives.

3. **Target marketing efforts at the high end of the market**

Due to peak period bed availability occurring at the expensive end of the accommodation market on Mt Buller, a marketing campaign which targets the higher end of the market including business and hotel clients could increase occupancy. The resort could also be promoted to the baby boomer market segment where higher disposable incomes and greater leisure time occur.

4. **Manage the mix of on-mountain accommodation**

The findings from this study indicate that demand may be in excess of the supply of commercial lodge beds. Consequently, it is suggested that to obtain an appropriate mix of on-mountain accommodation, the development of additional low end commercial accommodation be actively encouraged in preference to other styles of accommodation.
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