

2018 Sun Valley Economic Development Conference "Community: Setting the Stage"

2018
Sun Valley Economic Development:
Setting The Stage:
- "Community"
- Tourism Market Update
- Seasonal Review/Preview
October 30, 2018
Presented By:
Ralf Garrison

Re-Introducing Ralf....

About "Re-Ralf...."

- Free Agent, Broader Scope
- Same Guy: Data Geek, Story Teller
- More Hair.....



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Re-Ralf : Advisory "Gigs"

ADVISOR:
DESTINATION RESORT:
- Business Intelligence...
- Tourism Infrastructure/Funding
- Market Guidance

Data
Information
Knowledge
Strategy
Results
Measure
Adjust
Repeat



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Data-Based Strategic Assessment

Thanks to:

- ✓ Visit Sun Valley – Scott Fortner / Lodging Partners
- ✓ Sun Valley Economic Development – Harry Griffith
- ✓ Sun Valley Air Alliance – Carol Waller
- ✓ Sun Valley Co – Mike Fitzpatrick

AND:
Inntopia/DestiMetrics
RRC Associates
Driftline Consulting

AGENDA..

1. Introduction: Setting the Stage

1. About...
2. Brief History: "Community"

2. Situation Assessment

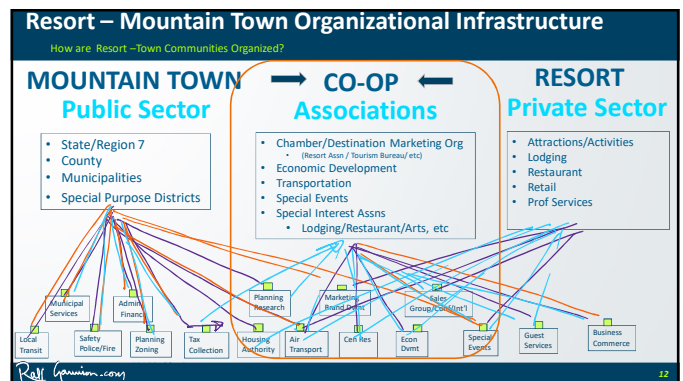
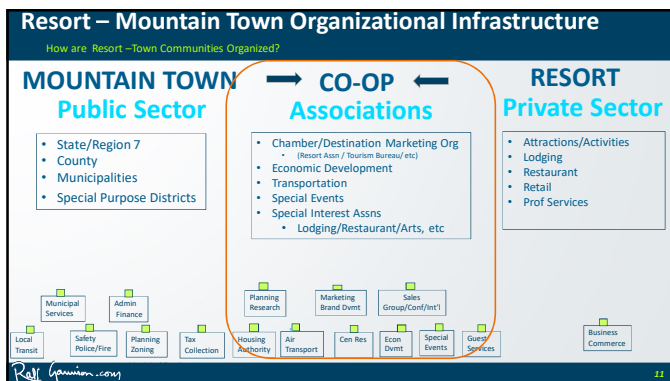
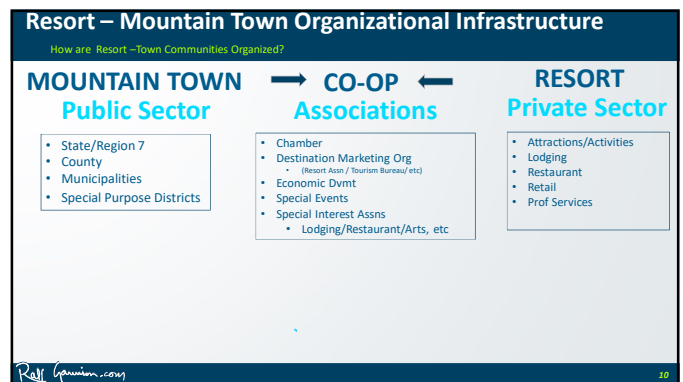
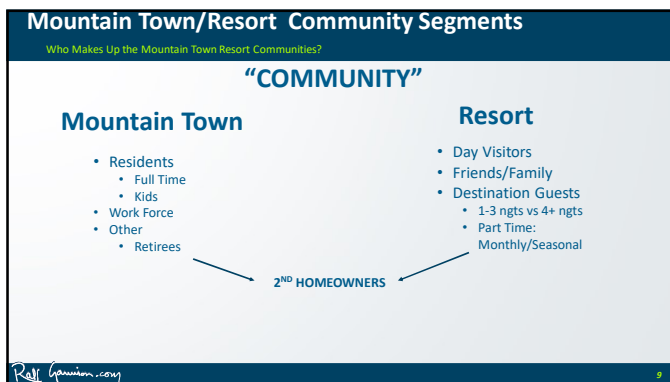
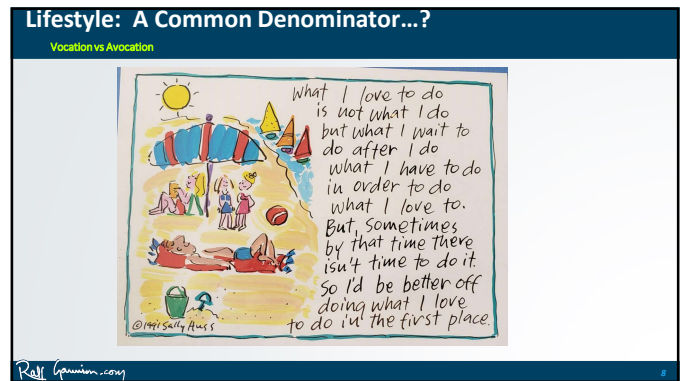
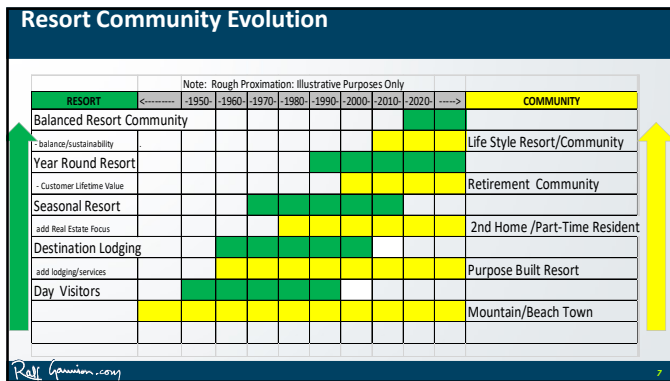
1. Econometrics
2. Consumerism
3. Attractions
4. Lodging
5. Transportation
6. Marketing Technology
7. Distribution
8. Climate

In The Beginning...



Brief anecdotal data on the "What's" and "How's" of how Mountain-Town Resort-Communities Have Come to Be..

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Co-Operation/Collaboration Factor....

How well Does Your Community "Play" Together



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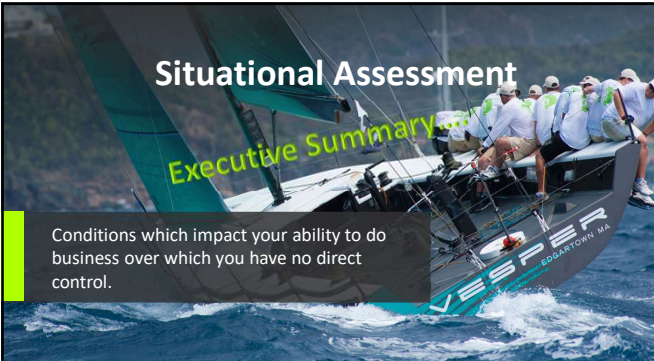
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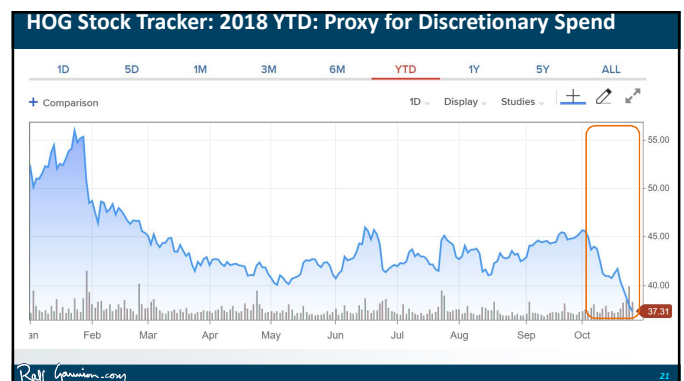
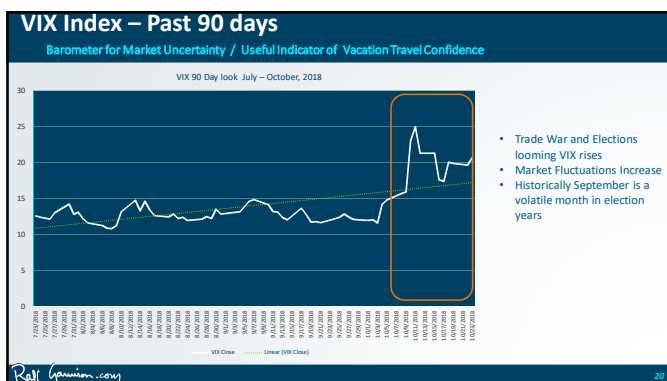
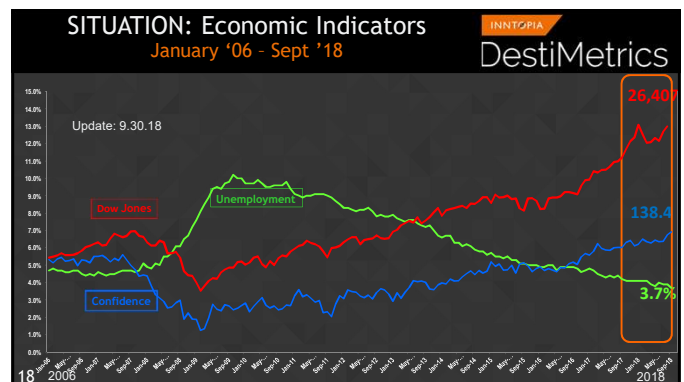
Situational Assessment

Executive Summary...

Conditions which impact your ability to do business over which you have no direct control.



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Consumers/Customers

- Vacations are a "Birth Right" for most consumers.
- Discretionary Resources (for Vacations): Time vs Money
- Demographic Disparity: Age, Economic, Gender, Ethnicity Consumers/Customers
- Generational Transition: Great Generation, Boomers, Millennials
- Caution: Fragile, Fickle, Increasingly Safety Oriented
- Disrupted: pace of change – technology driven (Tech-Know vs Tech-Not)

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Consumers: Trends 2018

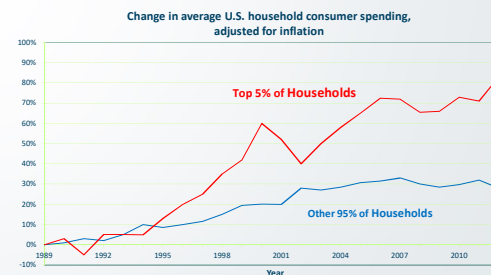
Update: 10/18

- **Millennials Overtake Boomers:** new majority/headcount, minority/ spending power.
- **Vacations Eclipse Business Trips** (by air)
- **Lifestyle & Avocation trumps Age Segmentation**
- **Vacations Eclipse Business Trips** (by air)
- **Always ON:** Mobile devices and Wearables add Transportability
- **Less Capitalistic:** \$\$ = Means to End
- **Geographically Independent:** Digitally Empowered Lifestyle Nomads
- **Technology Impacts:** VR, AR, AI, & Machine Learning Realities
- **Disruptive Change Continues - Accelerates**

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Consumers: Financial Considerations



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Residential Community Income Disparity

Ranking of Top 1% vs Remaining 99% across U.S.

Ratio of top 1% income to bottom 99% income for the top 25 and bottom 25 of 916 metropolitan areas, 2015

Rank (from highest to lowest ratio)	Metropolitan area	Average income of the top 1%	Average income of the bottom 99%	Top-to-bottom ratio
1	Jackson, WY-ID	\$8,901,955	\$122,447	112.0
2	Naples Immokalee-Marco Island, FL	\$5,590,120	\$62,053	90.1
3	Key West, FL	\$4,741,192	\$58,295	81.3
4	Sebastian-Vero Beach, FL	\$2,921,375	\$43,473	67.2
5	Bridgeport-Stamford-Norwalk, CT	\$4,290,951	\$101,213	62.2
6	Midland Port Landerdale-West Palm Beach, FL	\$2,345,381	\$42,319	55.4
7	Port St. Lucie, FL	\$1,737,018	\$38,212	45.5
8	Glenwood Springs, CO	\$2,968,276	\$66,015	45.0
9	Holley, ID	\$3,195,182	\$69,359	44.9
10	Gardnerville Ranchos, NV	\$2,272,387	\$51,276	44.3

Economic Policy Institute

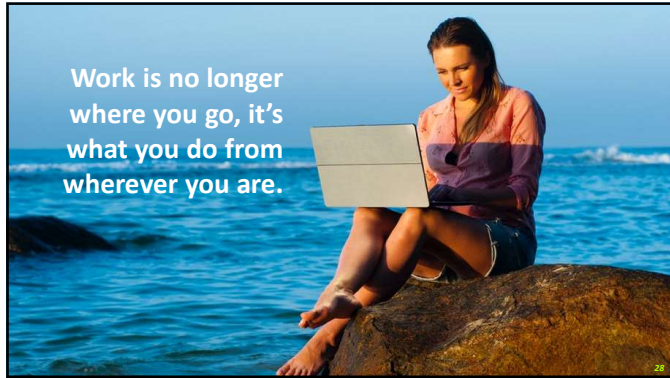
- The Rich are getting richer:
 - Income inequality on the rise since 1970s
- As of 2015 on average the top 1% received 26.3 times as much income as the bottom 99%
- The largest gap comes in at 132 times higher than bottom 99%

Live Long & Prosper

Advances in health care have added years to our life. Now it's time we added life to our years.

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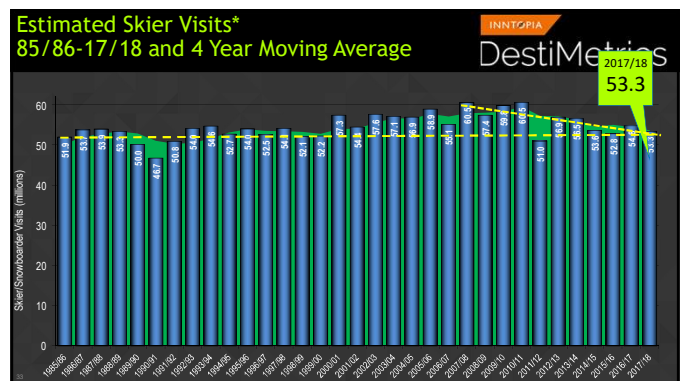
SITUATION: 3. Attractions

- ✓ **ATTRACTION:** Reason to Go (on Vacation)
- ✓ **ACTIVITIES:** Things you do while there .
- ✓ **DESTINATION MAGNET**
Attractions that draw a guest from a distance, requiring lodging and services for multiple nights.

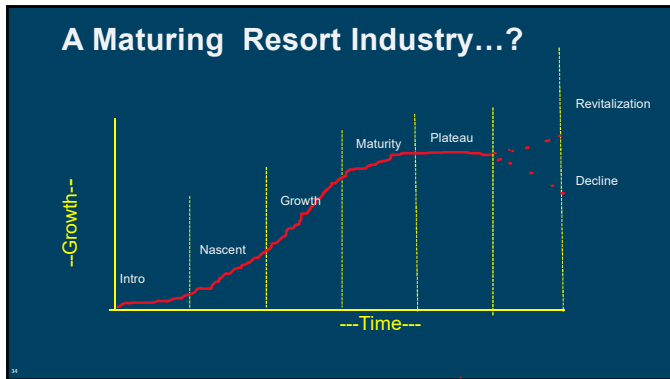
Attractions: Representative Examples

Legacy	Niche	Experiential	Activities
Ski Golf Tennis Mtn Bike Tour Hike	Adventure Adrenaline Gravity Group • Conference • Social • Educational • Camps • Clinics	<ul style="list-style-type: none"> • Festivals <ul style="list-style-type: none"> • Music/Performing Arts • Competitions <ul style="list-style-type: none"> • Participatory • Spectator • Specialty Themed • Learning, Wellness, Spiritual • Foodie and Beverage 	Mountaineering Sledding Hike Shop Bike Water Sports Alpine Slide Zip Line Mountain Bike Park Putt Putt Golf Adventure Walk When do multiple Activities become an Attraction?

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Attractions: Update

- ✓ Purpose-Based Travel
 - Experiential
 - Friends/Family
 - Occasions: Landmark Events
- ✓ Identity - Driven Travel
 - "Who You Are... Wanna Be", not just what you do...
- ✓ Trending....
 - Health/ Wellness/Experiential...
 - Recreational/Social exercise
 - Foodie-based Tourism
 - Post Title 9: Yoga, Pilates, Zumba, Barre, Pickle Ball
 - Cruises/Tours

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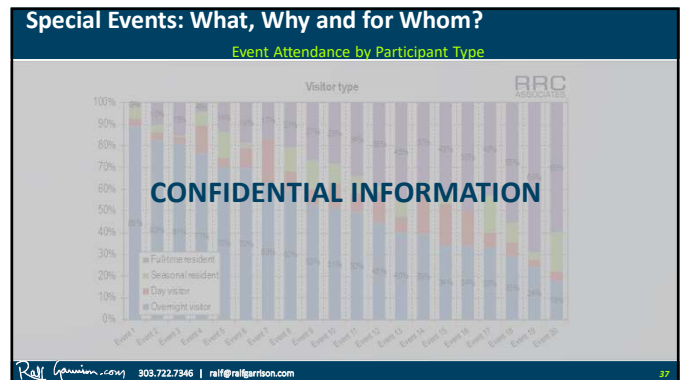
Attractions: Fringe:

- Adventure
- Adrenaline
- Experiential
- Asperational

"Gravity Sports niche for mountain resorts?"

(don't try this at home)

Play Video >



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SITUATION: Lodging:

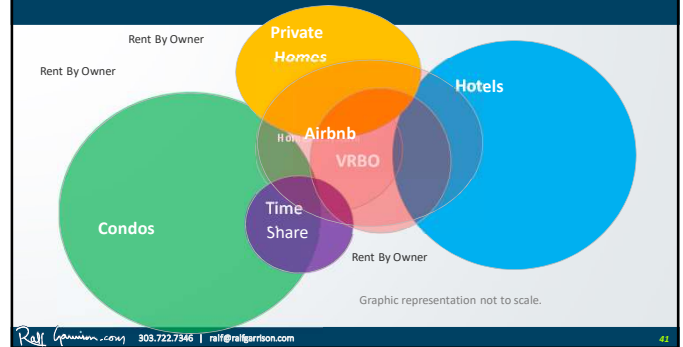
- Key Component: Enabler and/or Limiting Factor
- Undergoing evolution/disruption
- Impacts of Supply & Demand : 7 year roller coaster
- Changing demand patters: away from tradition
- Aging Bed base
- Major Competition for Beds: Hot – Warm – Cold
 - 6 Yrs of more Demand but little more Supply
 - Hot: Places for Guests with \$\$ / Cold: Workforce
- Now Strategic: Alternative Accommodations: Rent-by-Owner:
- "Pillow Fight" for Limited Beds among Locals/Work Force /Guests

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Lodging: Update.....

- ✓ Now a Limiting Factor in some Seasons/Resorts
- ✓ Traditional Hotel Lodging – “not that interesting...”
- ✓ Resort Lodging: Condos – Aging / Vacation Rentals - trending
- ✓ “Alternative Accommodations are becoming mainstream”
 - RBO Platforms are Morphing, Maturing (AirBnb, HomeAway, et)
 - Regulatory Process is coming into Focus.
 - Jurisdictional Regulatory Overlap: State, County, Jurisdiction, Zoning, HOA
 - Most still can't measure or manage properly
- ✓ Huge increase in Lodging Management Competition

Morphing Bed Base: Type and Transient Use



Bedbase “Pillow Fight?”

“HOT” Beds:	ALWAYS Available for short term rental	Commercial Lodging
“COLD” Beds	NEVER Available for short term rental	Owner Occupied Residential
“WARM” Beds	CONDITIONALLY Available for short term rental	All Other “ FLEXIBLE” Residential



Monitoring & Measuring the RBO Marketplace

Whether you call them short-term, self-managed, vacation rentals, or rent-by-owner (RBO), growth has exploded with the emergence of industry disrupters like Airbnb and HomeAway. We've launched this independent research project to address these challenges – and invite your participation.

Findings: Impact of RBO

- Too Big to Ignore..... Here to Stay....
- RBO Platforms are maturing, morphing
- Can't (yet) be Measured ergo Can't Be Managed
 - DMO: About overall Fact Base
 - PMC: About Level Playing Field.
 - Municipalities: About Compliance/Enforcement
- Candidate for Municipal/DMO Partnership
- Resulting Data is Strategic
- Can often Self-Fund
- Some Municipalities MUCH MORE Aggressive than others

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Transportation

- ✓ **Overall Positive:** Generally, and for Mountain Resorts, air and ground both
- ✓ **Consolidation:** Just three main line carriers (AA, DL and UA) with global networks
- ✓ **Air Carriers Making Record Profits:** Ancillary revenue are close to 11% of revenue
- ✓ **Oil fuel prices:** Historically low, now rising
 - Ticket prices rising (mostly in add-on and auxiliary fees)
- ✓ **Mountain Resort Traffic:** Stable, reliable and competitive
- ✓ **Equipment:**
 - Intro of 76 passenger jet; more smaller flights
 - larger craft (Airbus 319) improving
 - Turbo props disappearing
 - Perceived pilot shortage

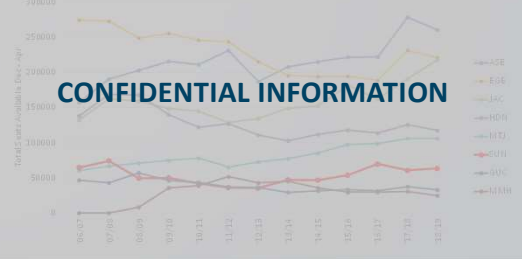
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Mountain Town Airline Traffic – Available Seats

Winter 2006 – 2018 Trends

Winter seat Trends - Mountain Resorts
13 Year Trend 2006-2018



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Sun Valley Air: Recent Profile....

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	SUMMER	WINTER
FLIGHT LOAD (through 19th)	71.6%	74.6%
FORWARD LOOKING LOAD FACTOR	N/A	50.9%
INBOUND SEATS	10,564	12,084
PT RESIDENT %	24.7%	31%
PT RESIDENTS	18%	16%
FIRST TIME VISITOR	13%	11%
REPEAT VISITOR	41%	64%
AVG TRIP NIGHTS (VISITORS)	4.0	5.0
RESORT MARKET SHARE (OVERNIGHT FLY WESTERN US GUESTS)	N/A	19.5%

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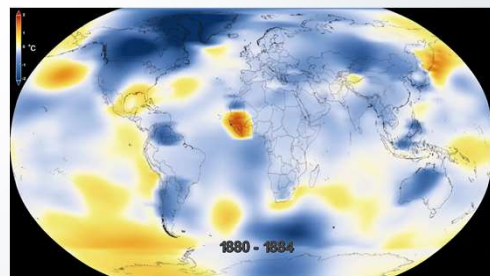
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Climate

- **Climate** – Broader Context of Weather and its Impact on Earth Ecosystem
 - Over Long Time and Space
 - aka "Global Warming"
 - "What You Expect..." like very hot summer etc
- **Weather** – the short-term changes in the atmosphere
 - Months to Months
 - aka "Local Storming"
 - "What You Get..." like a thunderstorm today

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About Climate Change: Irrefutable



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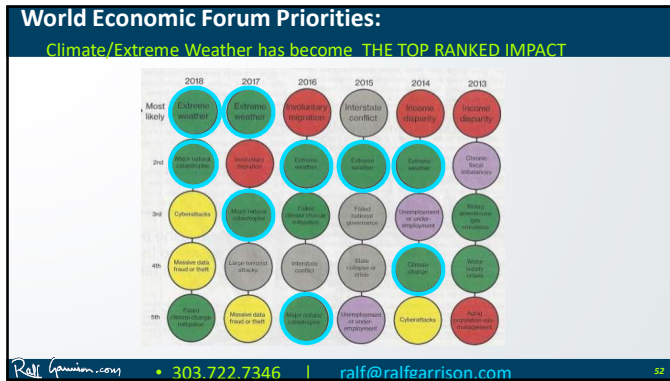
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Climate Change Impacts on Tourism: Risks
Mountain and Snow

- Rising temperatures =**
 - unreliable or insufficient snowfall for resorts,
 - more fires in summer seasons, negative watersports
- Fewer snow days seasons =** resorts to focus on offsetting the ski seasons
- Travel:** Weather Events Impact Travel – Ingress/Egress
- Guest Impacts** from Weather Events at Home (eg Hurricane)

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Thanks!

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