RRC ASSOCIATES

2021/22 End of Season Minnesota Ski Areas Economic Impact Report

Minnesota Ski Areas ASSOCIATION

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Introduction

This report summarizes the findings from a statewide Economic Impact Study of the downhill snowsports industry in the state of Minnesota. The figures in this report are based on the 2021-22 ski season and represent the impact the ski industry has on the state's economy overall and on local businesses nearby the ski areas.

The findings of this study show that the Minnesota downhill ski/snowboard industry is an important contributor to the Minnesota economy. The industry generates direct expenditures, jobs, labor income, taxes, and GDP for the state of Minnesota.

Key Findings

Total economic impact of downhill snowsports for the state of Minnesota was $380 million for the 2021/22 fiscal year.

The snowsports industry supports 3,340 jobs in Minnesota, either directly (2,319) or indirectly (1,021).

Consumer expenditures associated with skiing and snowboarding totaled $143 million, 38% of which is spent at local businesses in and around the ski areas.

Ski area operators re-invest in the business, spending a collective $11.5 million in capital improvements in 2021/22.

Most Minnesota skiers and snowboarders take day trips, while about half also take overnight ski trips within the state.

Both day and overnight visitors were positive on satisfaction ratings, with most average scores at 3.7 or higher on a 5-point scale.

Demographics of skiers and snowboarders show a mix of families and singles, a range of household incomes, and a majority of White participants.

Minnesota residents participate in downhill skiing with about 1.75 times the frequency of the national average of all Americans.

Overall Minnesota Ski Industry Economic Impact

- For the 2021/22 season, the Minnesota Ski Industry generated an economic output totaling just under $380 million, with nearly half of that output as a direct impact of the industry ($184 million).
- A total of 3,340 jobs were generated for the state, 2,319 of which were direct jobs.
- The industry generated more than $60 million in direct earnings with an additional $26 million in indirect and $30 million in induced earnings, for a total of $117 million.
- A total of $211 million was generated in value added GDP for the state.

Total Minnesota Ski Industry Economic Impact	Ouput	Jobs	Earnings	Value added
Direct	$184,294,838	2,319	$60,216,762	n/a
Indirect	$91,542,061	401	$25,838,952	n/a
Induced	$102,747,587	620	$30,710,684	$58,290,448
Total	$378,584,486	3,340	$116,766,398	$211,276,563

Survey Research Methodology

Methodology

Skier/Snowboarder Survey:

Surveys were sent out via email lists to prior visitors to Minnesota ski resorts. Of those contacted following their trip this season, a total of 765 surveys were completed and an additional 285 partial surveys were collected.

- **765** surveys **completed**
- **285** surveys **partially** completed
- +/- 3.0% Margin of error

Operator Survey:

An additional survey of ski area operators was gathered, which provided information about ski area revenues, capital expenditures, and other financial information used in this report.

1,050

Total Consumer Survey Responses

Note that the margin of error is different for each question response on the survey depending on the resultant sample sizes, proportion of responses, and number of answer categories for each question. Comparison of differences in the data between various market segments and from year to year, therefore, should take into consideration these factors. As a general comment, it is sometimes more appropriate to focus attention on the general trends and patterns in the data rather than on the individual percentages.

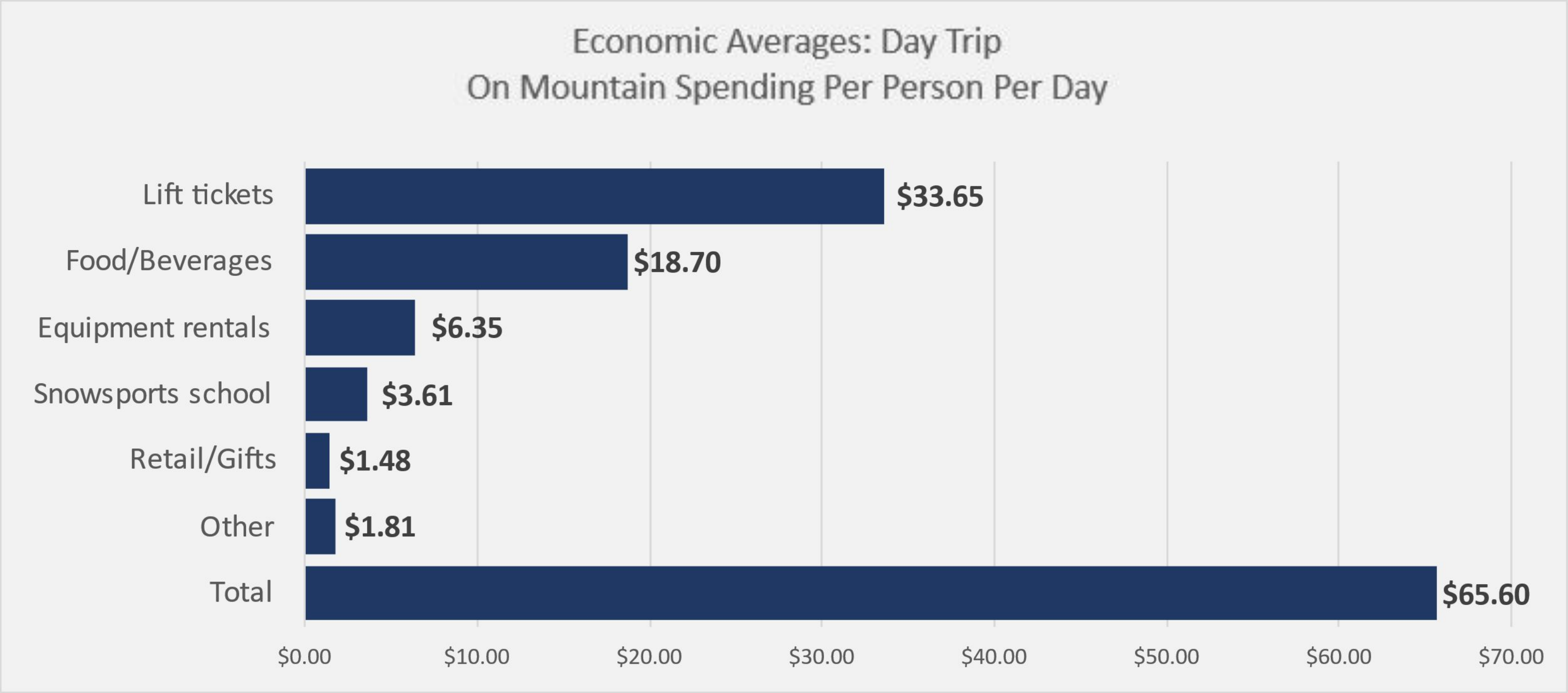
Key Topics

- Key topics addressed in the survey included:
  - Skier/snowboarder expenditures, both on-mountain and off-mountain, in conjunction with their ski trip.
  - Visitation to ski areas both within Minnesota and also outside of the state.
  - Satisfaction with various aspects of the ski day, including lifts, employee service, grooming, food & beverage, and other aspects.
  - Geographic origins, including mix of overnight and day visitors.
  - Demographic information, including gender, age, household composition, and household income.

Per Person Per Day Spending
Economics / Spending

Per Person Per Day
Day Trip – On-Mountain Spending

- Respondents were asked to estimate on and off-mountain spending, per person, on their most recent day ski trip. Those estimates were used to calculate spending per person per day.
- Average per person spending on-mountain was $66.
- Of the total on-mountain spending during day trips, lift tickets were the largest share of money spent ($34), with retail/gifts being the smallest share ($1).



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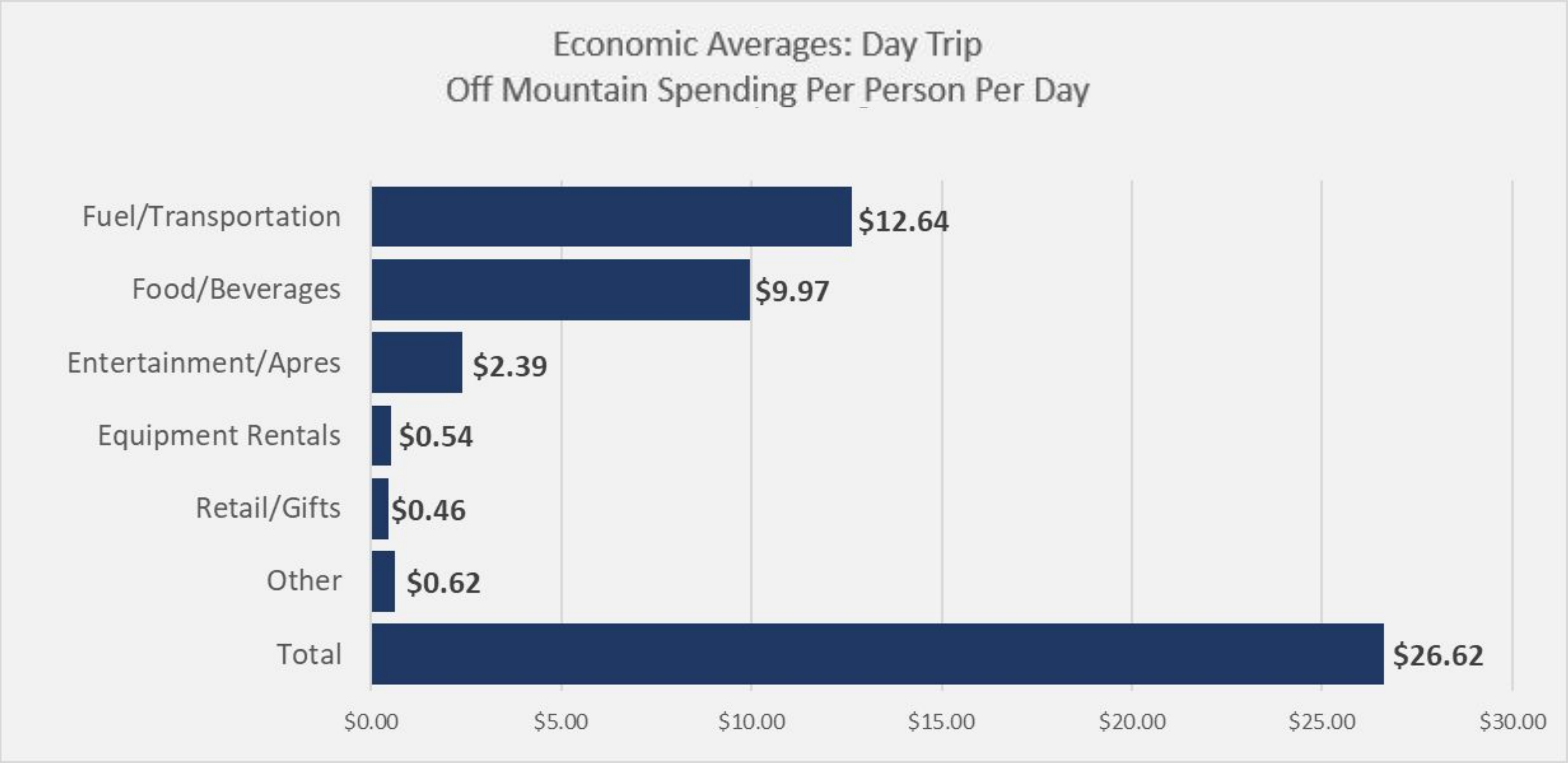
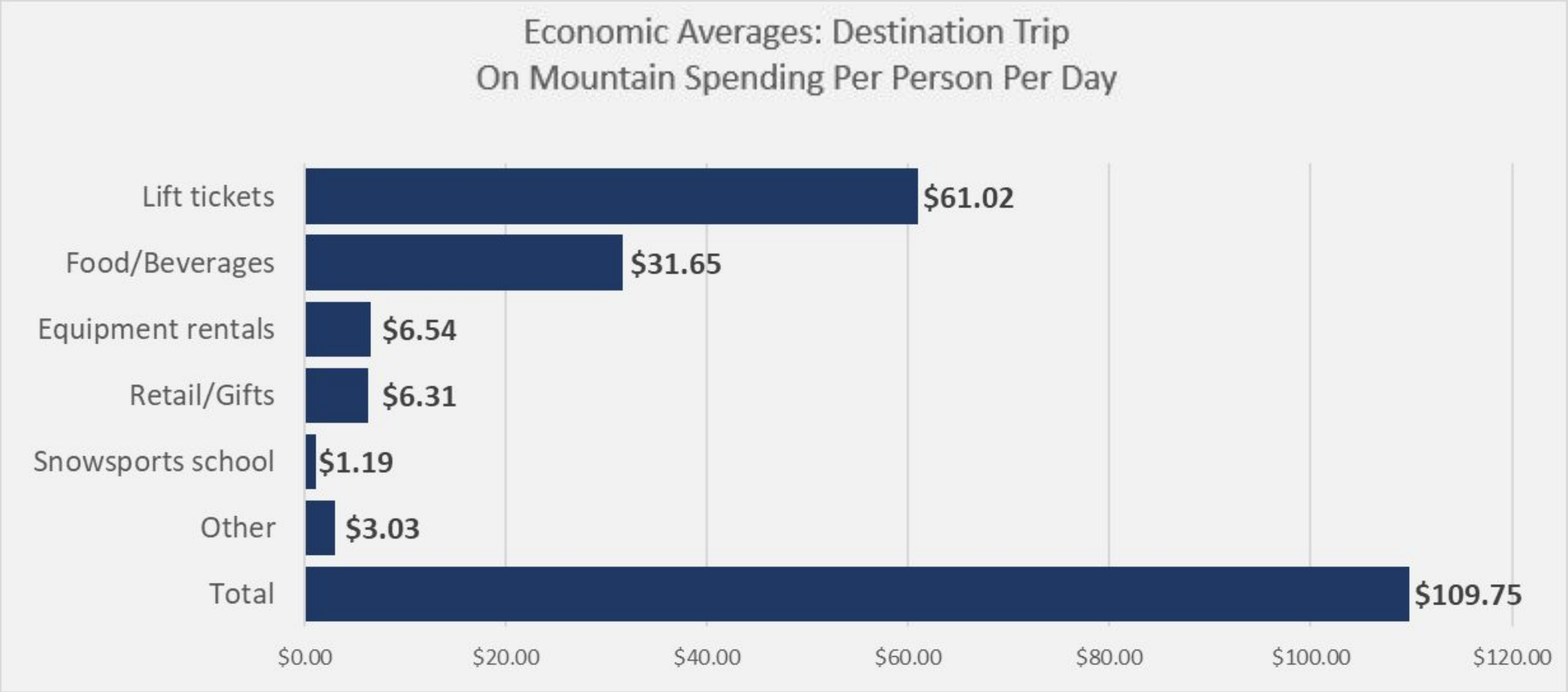
Per Person Per Day
Day Trip – Off-Mountain Spending

- Average per person off-mountain spending was $27 on the most recent day trip.
- The largest expenditure categories were for fuel/transportation ($13) and food/ beverages ($10).



Per Person Per Day
Overnight Trip – On-Mountain Spending

- The average per person per day on-mountain expenditure for overnight trips was $110.
- The largest share of on-mountain spending was attributed to lift tickets ($61), followed by food/beverage ($32).
- Consistent with the large share of respondent that had no interaction with ski school (78%), snowsports school had the lowest average share of total on-mountain spending ($1).



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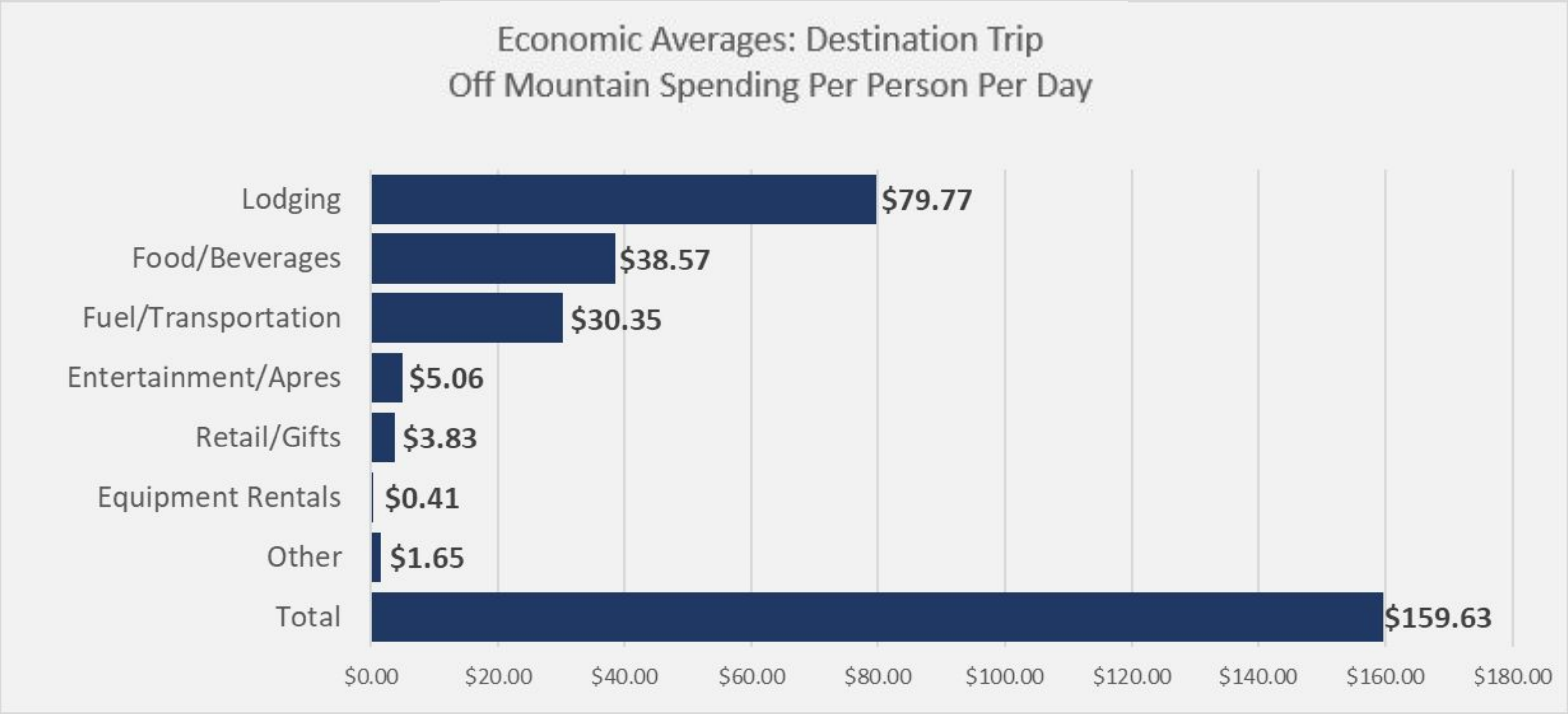
Per Person Per Day
Overnight Trip – Off-Mountain Spending

- Average off-mountain spending per person per day was $160 for overnight ski trips.
- Of the total off-mountain per person per day spending during overnight trips, lodging ($80) made up most of the dollars spent.
- Overnight trip per person per day spending for food/beverages ($39) and fuel/transportation ($30) were both nearly three times that of off-mountain day trip spending.



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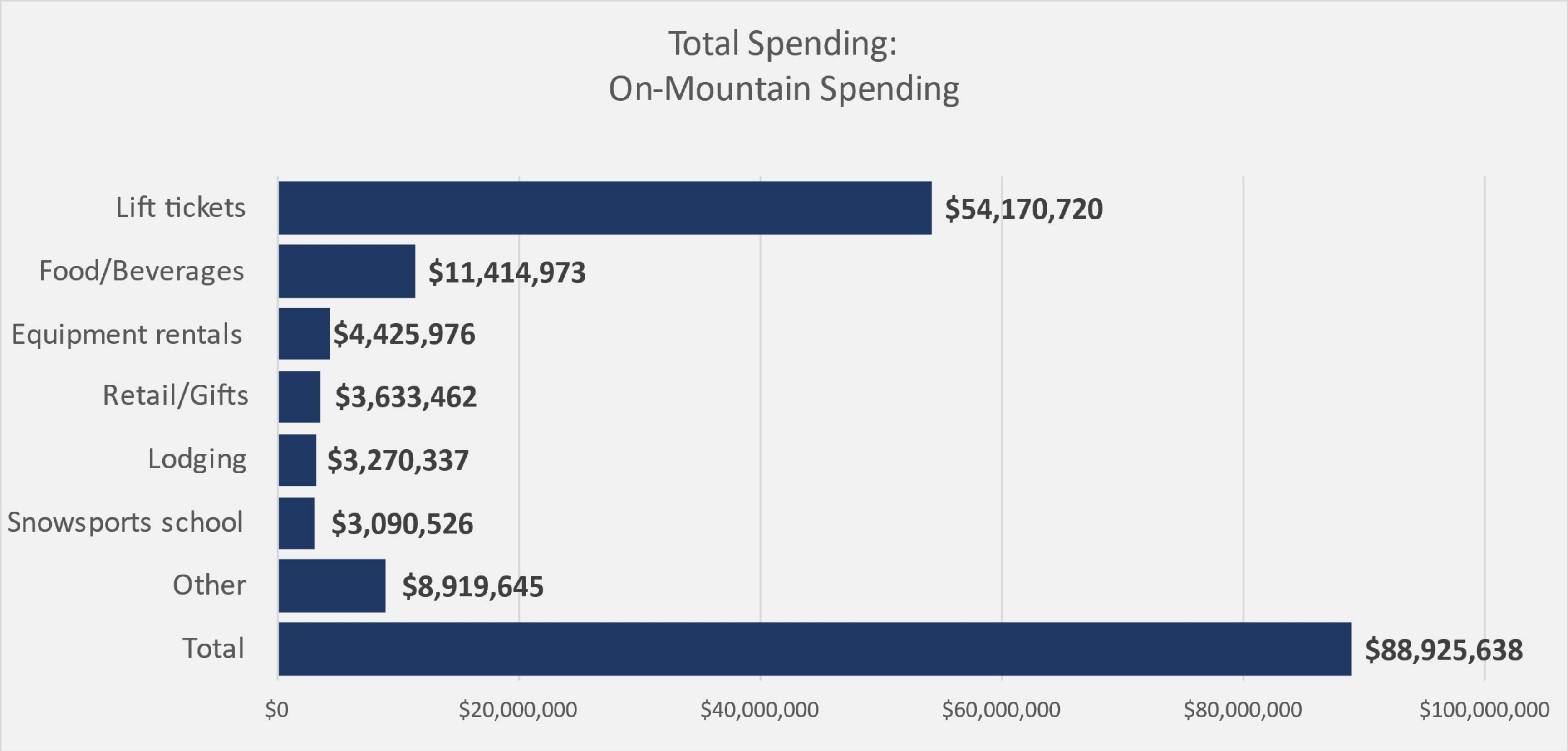
Total Skier/Snowboarder Spending
Economics / Spending

Total Skier Spending
On-Mountain Spending

- Total on-mountain spending at ski areas in Minnesota in 2021/22 is estimated at $88,925,638.
- The on-mountain spending figure represents 62% of total skier spending in the state.
- Lift tickets made up the majority of the on-mountain spending, with the category at just over $54 million



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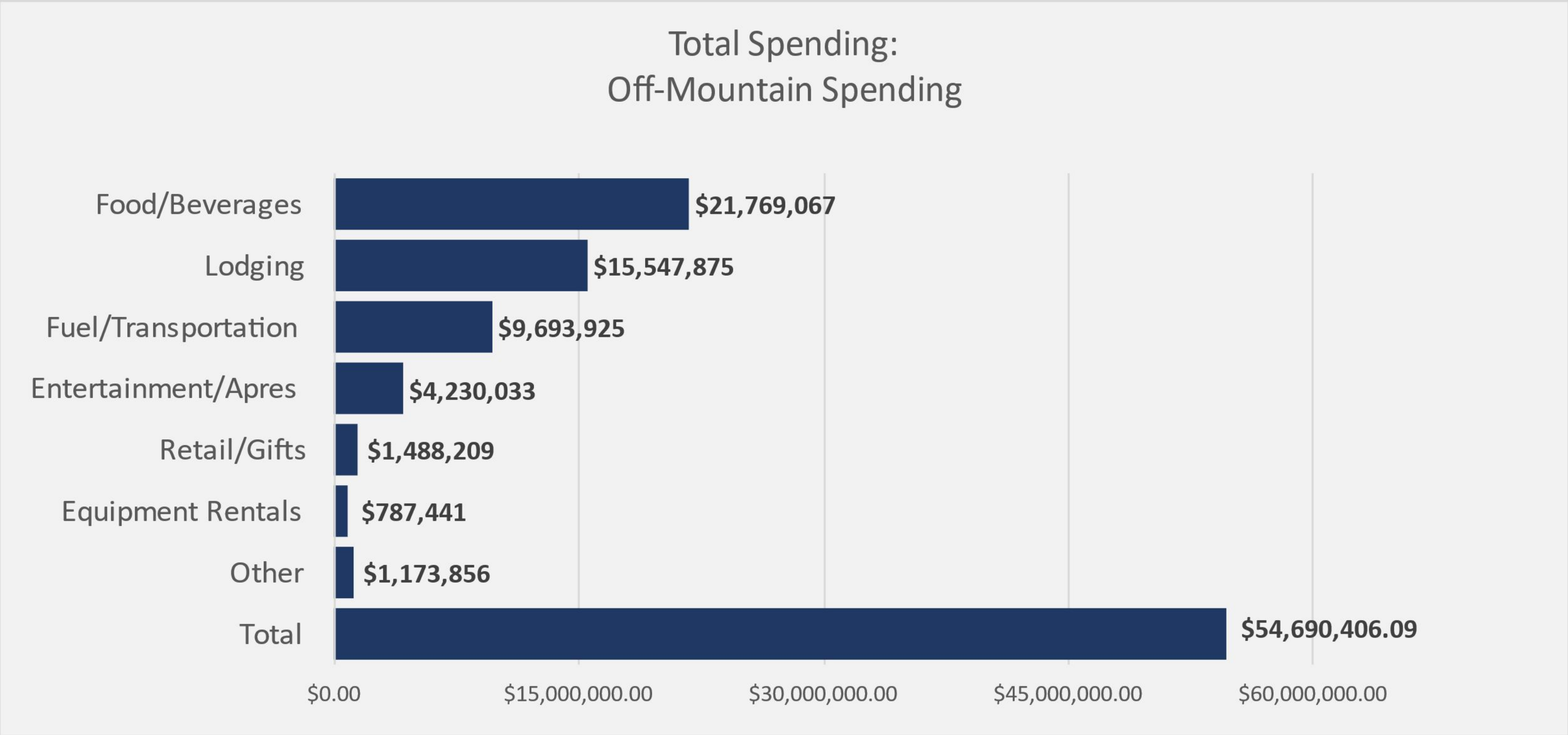
Total Skier Spending
Off-Mountain Spending

- Total on-mountain spending in 2021/22 is estimated at $54,690,406, or 38% of total skier spending.
- Spending off-mountain was more dispersed than on-mountain. With food/beverages ($22 million) and lodging ($19 million) together making up the majority of off-mountain spending.
- Of the estimated lodging spending, $3.2 million is attributed to spending with resort operations.



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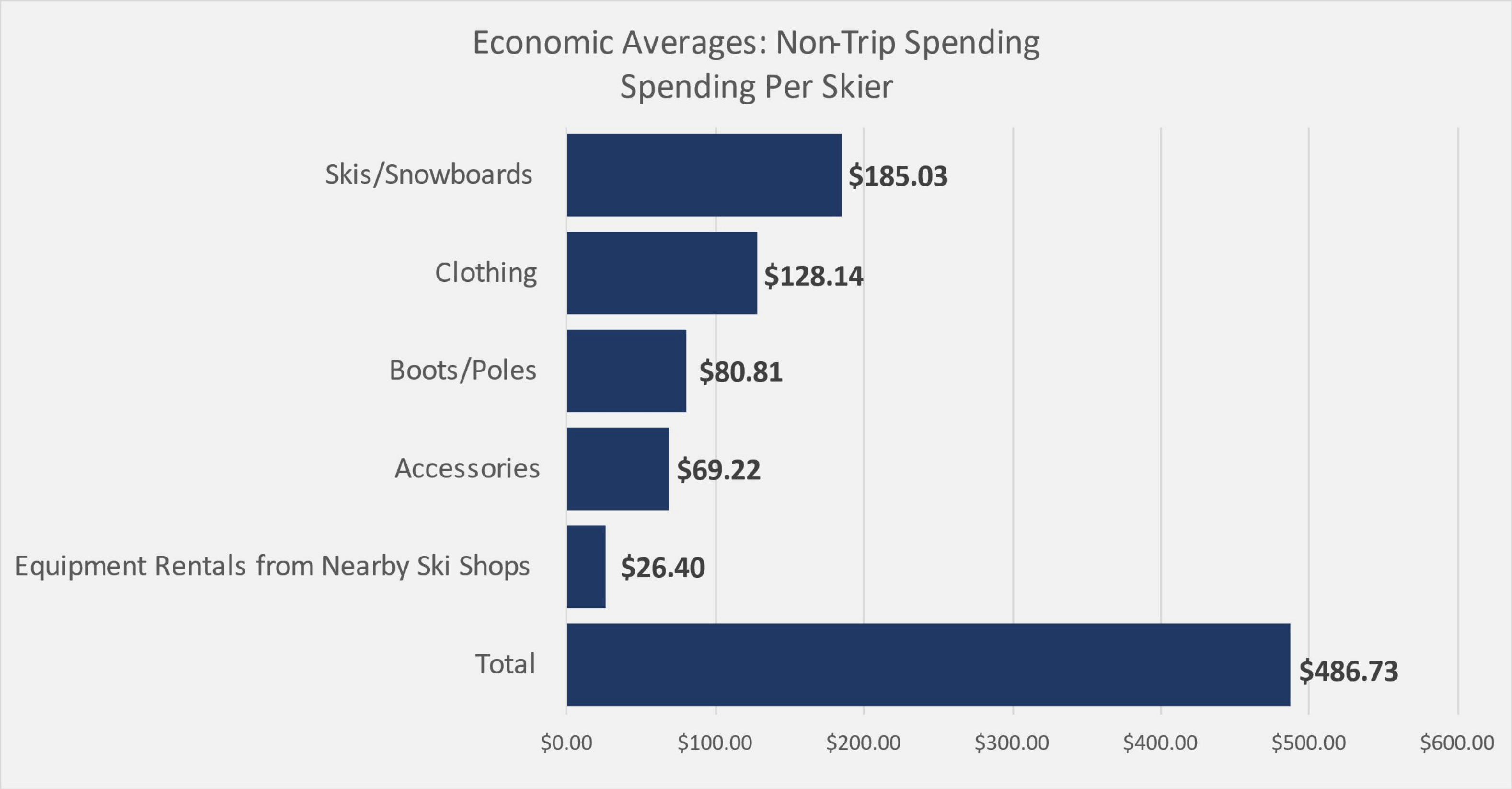
Total Non-Trip Retail Spending

- Respondents were asked to estimate household spending combined for the 2021/22 ski season on several retail equipment categories (outside of spending that occurs on ski trips, i.e., retail purchases pre-season or in season while not at the ski area itself). Those household estimates were used to calculate spending per skier within each household.
    - Respondents reported having spent an average of nearly $500 in Minnesota on total household ski equipment, clothing, and accessories.
    - Of the total spending in Minnesota, the largest share of this spending went to Skis/Snowboards ($185) and Clothing ($128).
    - Equipment rentals from nearby ski shops was the lowest spending group of the five ($26).
    - The total retail expenditures occurring outside of the ski trip is approximately $79.7 million



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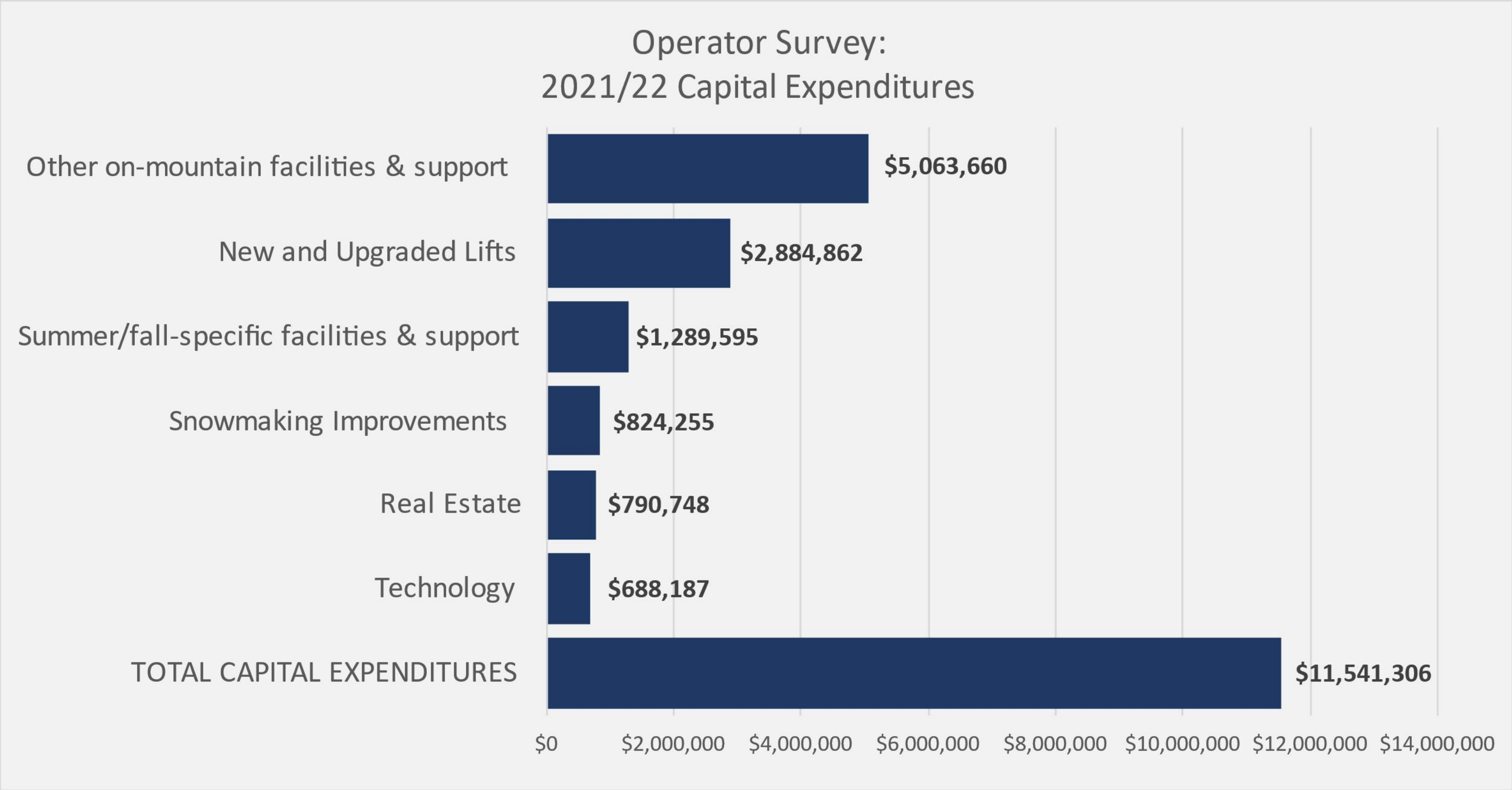
2021/22 Minnesota Ski Area Capital Expenditures

- Total capital expenditures for Minnesota ski areas for the 2020/21 fiscal year are estimated to be just over $11.5 million.
- The largest section of capital expenditure was other on-mountain facilities & support, making up just under half of all expenditures



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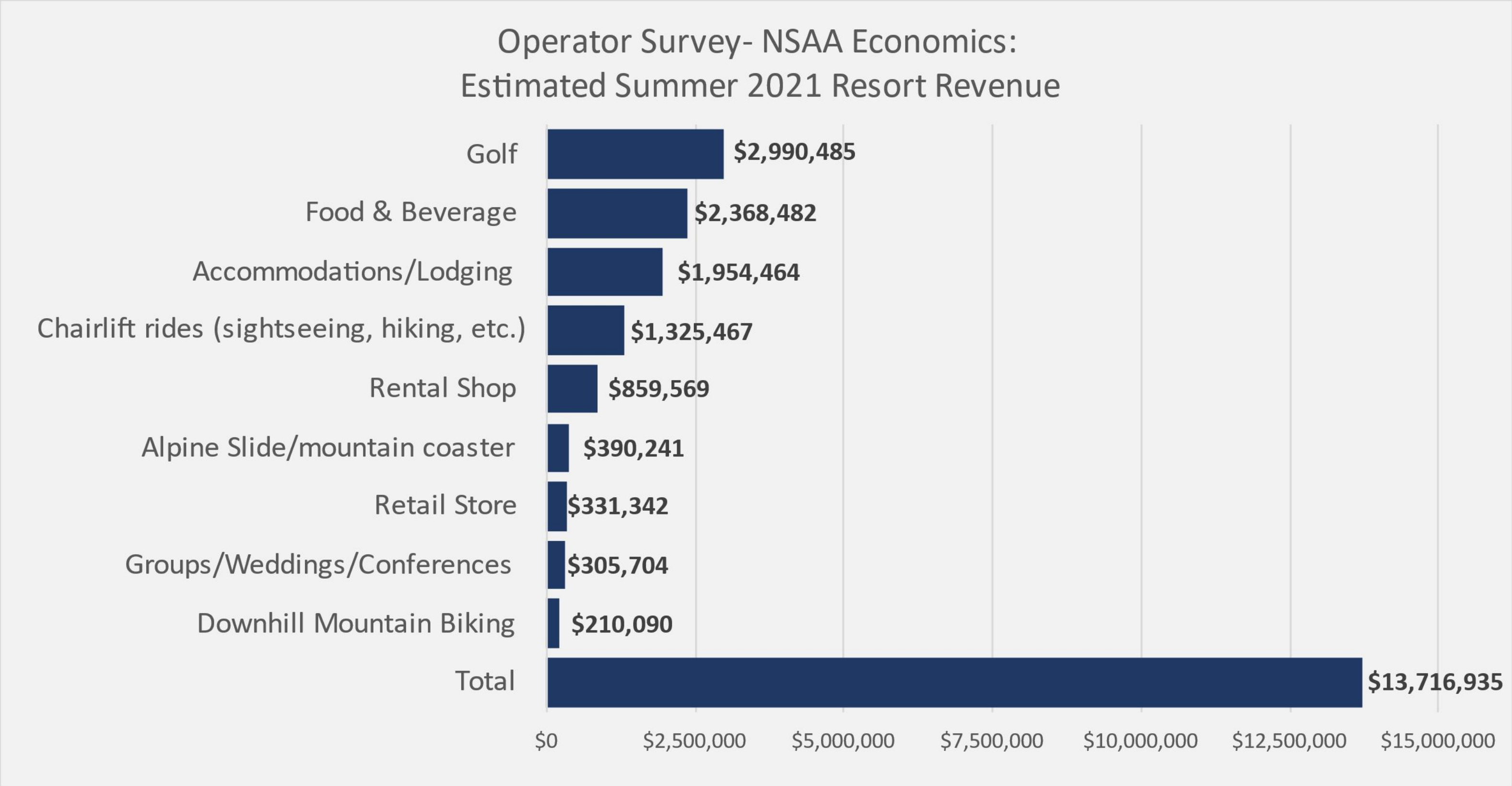
2021 Minnesota Ski Area Summer Revenue

- Total estimated summer revenue for Minnesota ski areas for the 2021 fiscal year is just over $13.5 million.
- The largest section of summer revenue for resorts is projected to be golf. Though summer revenue is expected to be more diverse than winter revenue.



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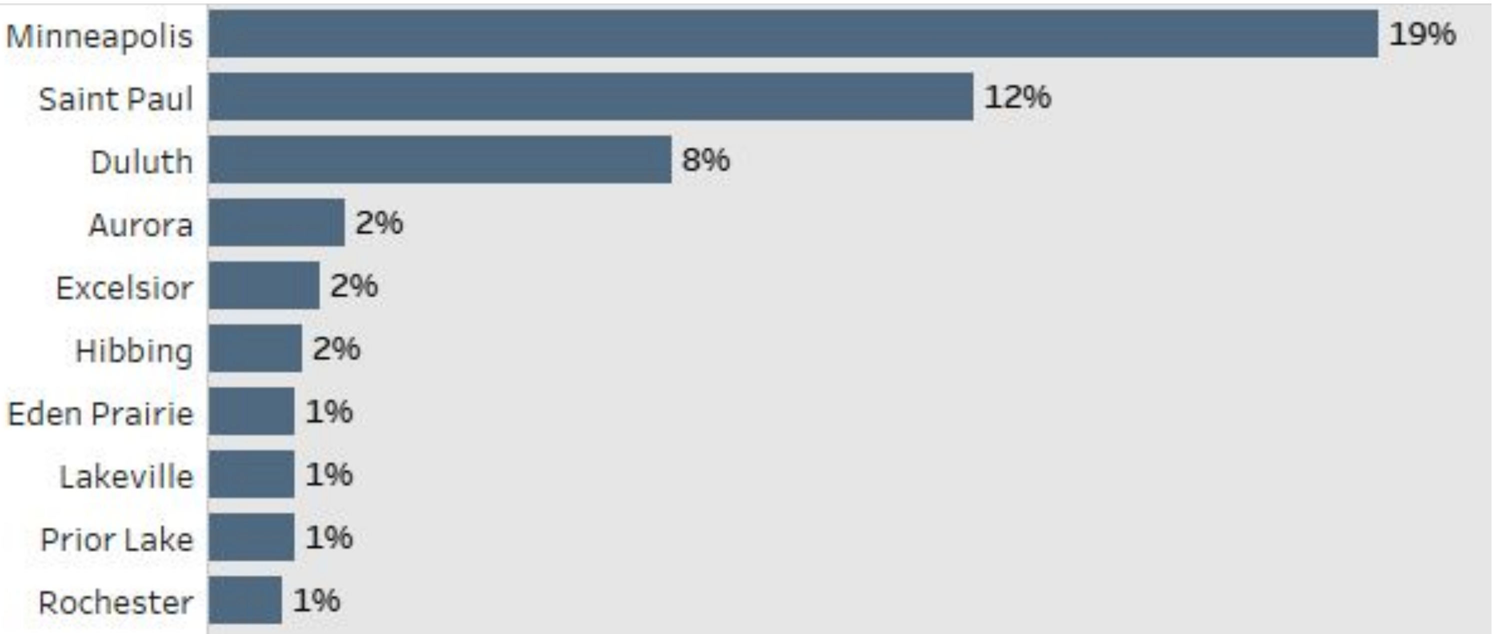
Consumer Survey - Geographic Origin

Place of Residence

- Nearly all visitors surveyed were from Minnesota (97%), with smaller groups from Wisconsin (2%) and North Dakota (1%).
- Of those visitors that lived in Minnesota, the greatest share were from Minneapolis (19%) and Saint Paul (12%), followed by Duluth (8%). However, visitors were varied in their places of residence with multiple cities in Minnesota accounting for much smaller groups (1%-2%) of the overall sample.



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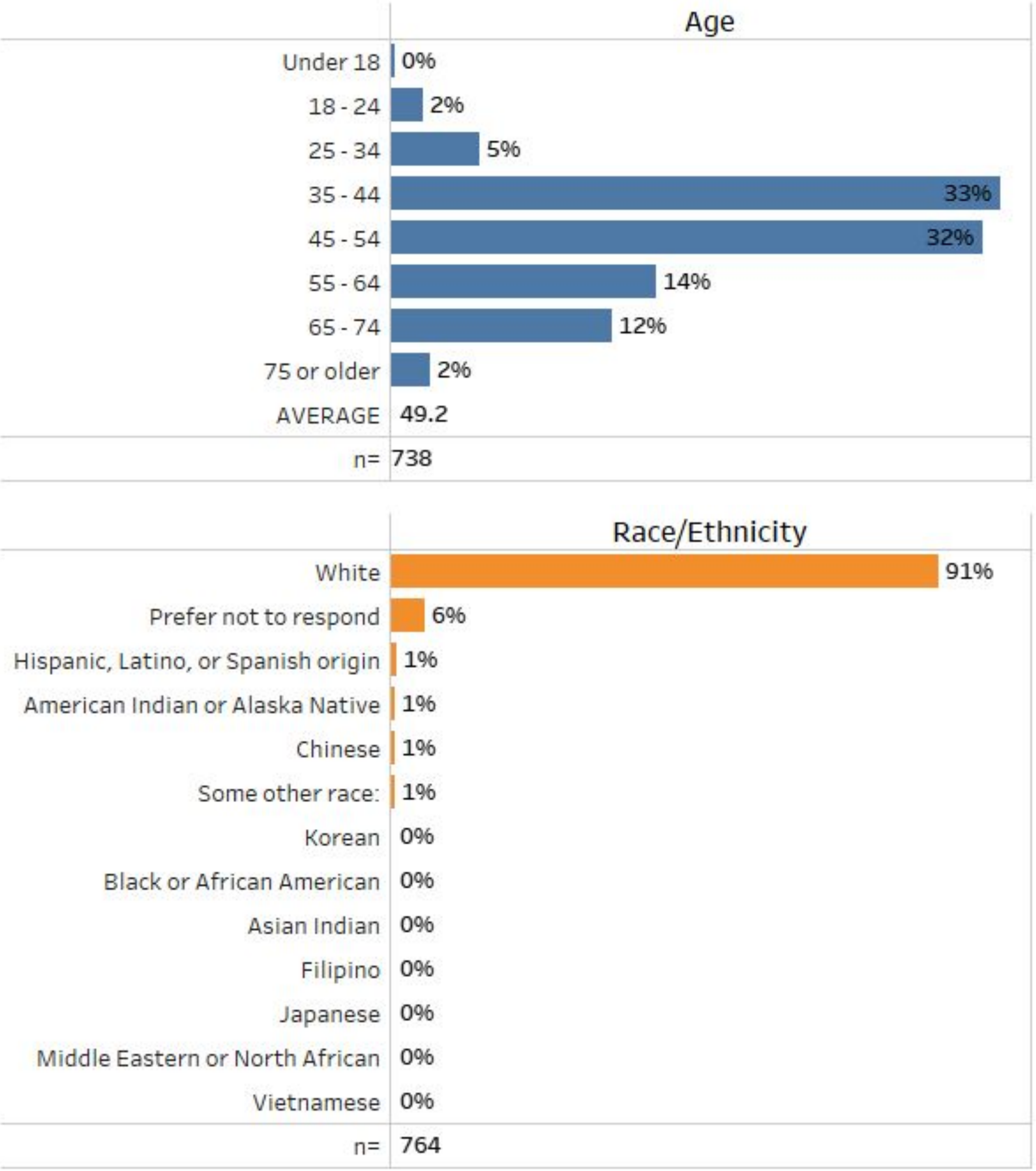
Consumer Survey- Demographics & Skiographics

Demographics

- Most visitors to Minnesota ski resorts were between the ages of 35 and 54 (65%), with the average age of skiers being around 49.
- More than 9 in 10 of visitors identified as white (91%).



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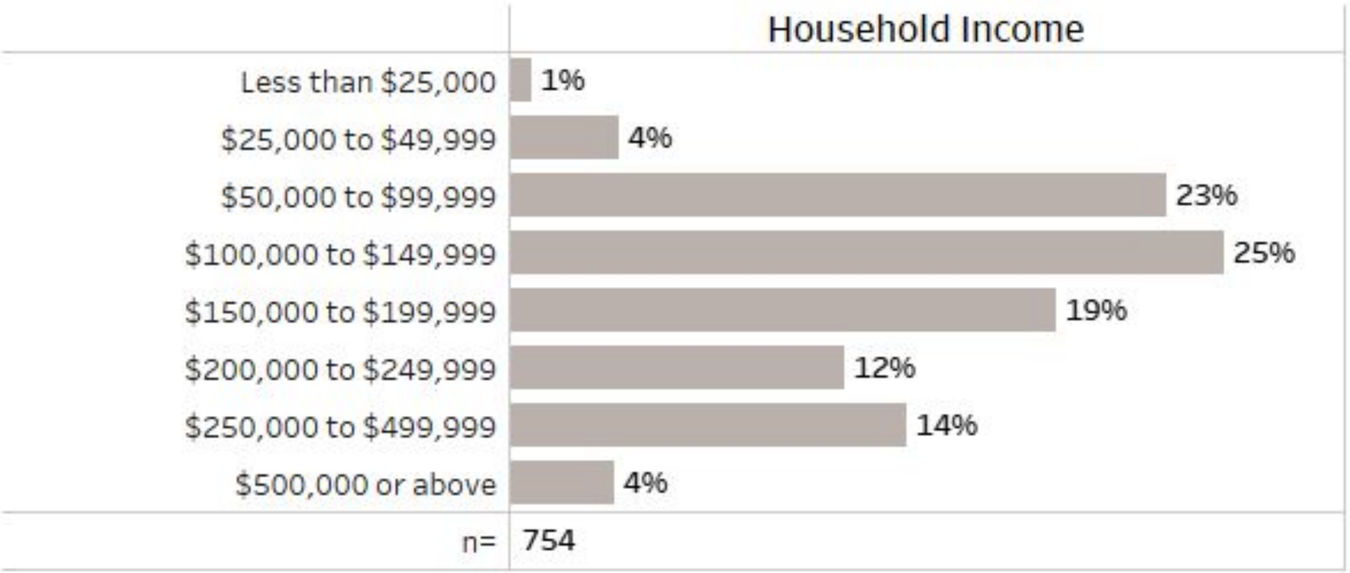
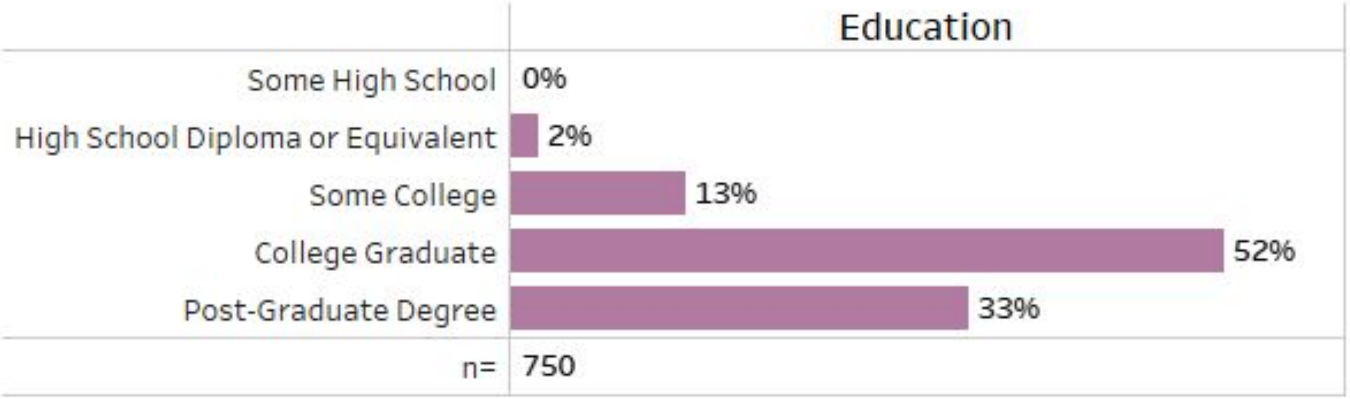
Demographics

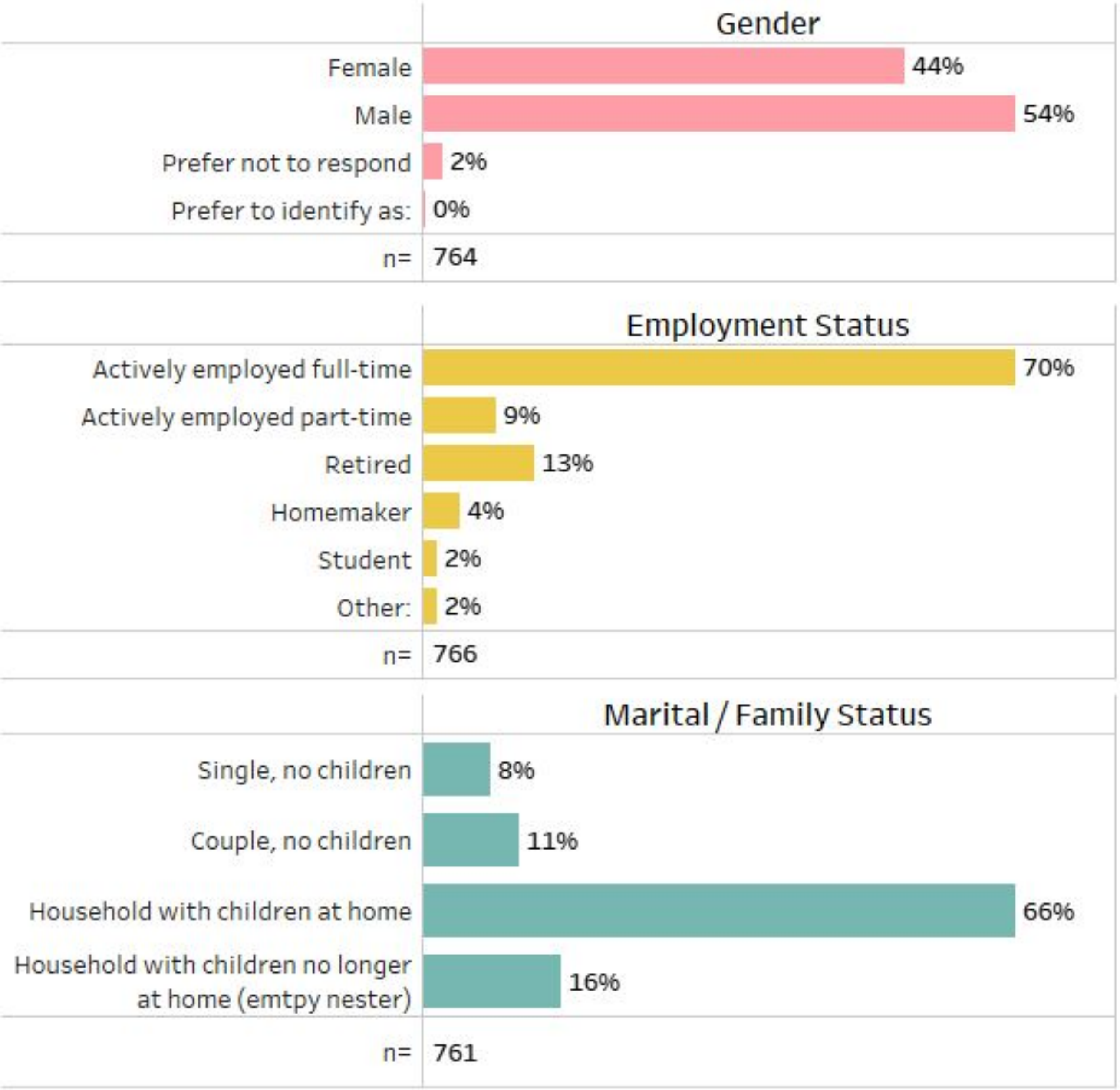
- More than two-thirds of skiers had household incomes between $50,000 - $199,999 (67%).
- More than half of skiers were college graduates (52%), with nearly all visitors having some form of college education (98%).





Demographics

- A slight majority of skiers/ snowboarders were male (54%).
- 7 in 10 visitors were actively employed in full-time work.
- Two-thirds of visitors were from households with children at home (66%).



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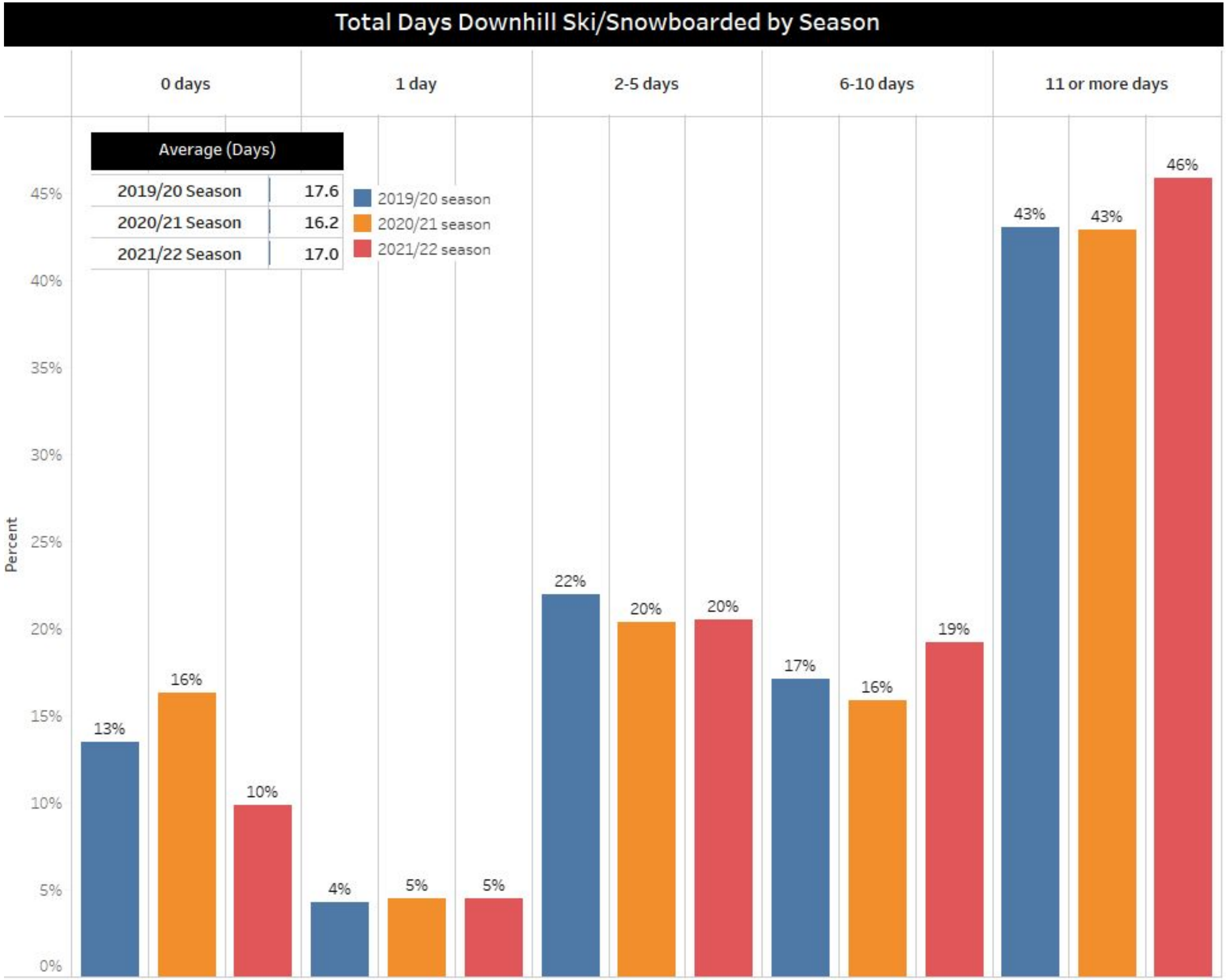
Days per Season

- The average number of days skied per ski season was generally about 16 or 17 days over the past three seasons.
- For the 2021/22 season, the average skier participated 17 days, up from 16.2 days in 2020/21.
- The early closures of the 2019/20 season, and the Covid 2020/21 season, did not have a substantial impact on the ski patterns of Minnesota skiers, at least in terms of the number of days of participation.



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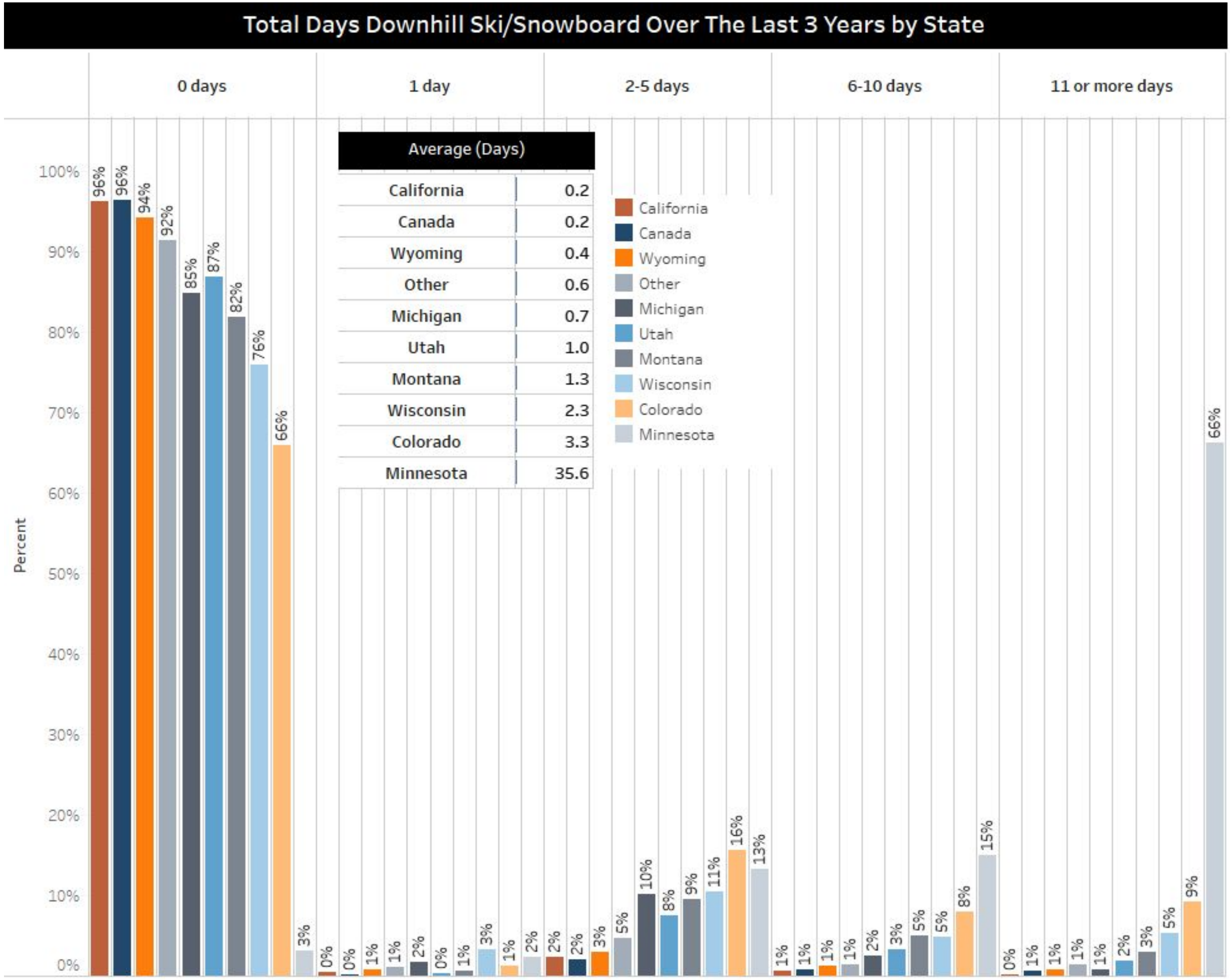
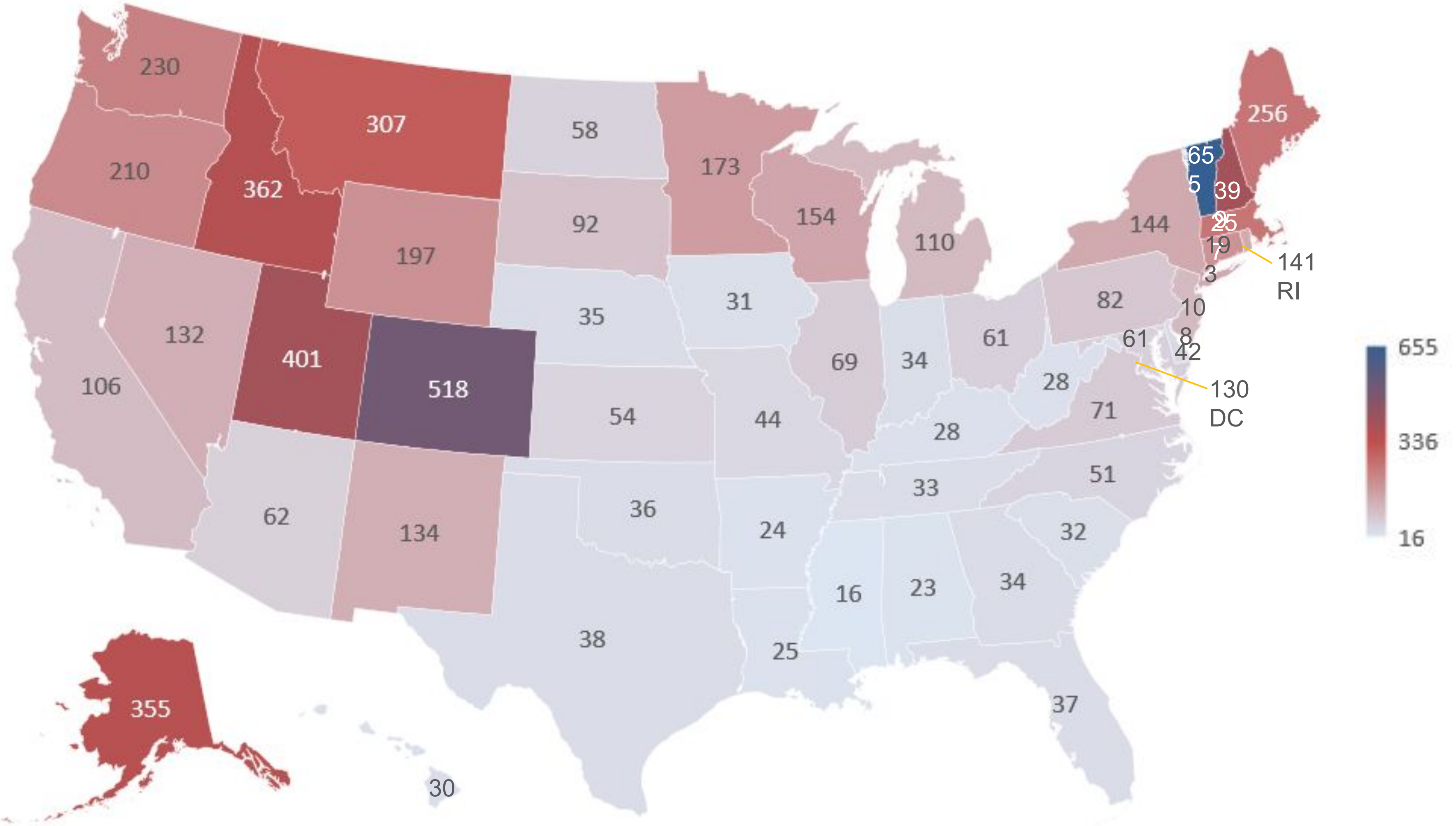
Skiing in Other States

- Of those days participating in downhill skiing/ snowboarding from 2019/20 through 2021/22, the majority have been at Minnesota ski resorts.
- On average, over the last three years, visitors have spent nearly 36 days skiing at Minnesota ski resorts.
- The next closest destination states were Colorado (3.3 days on average over the past 3 seasons), Wisconsin (2.3 days), and Montana (1.3 days).



Minnesota Resident Skier Visit Index



- **MN index = 173 means ID residents take 1.73x more skier days per capita than national avg.**
- *Index = % of 2020/21 Skier Visits by State of Residence / % of 2021 US Population by State of Residence * 100. US overall index = 100.*

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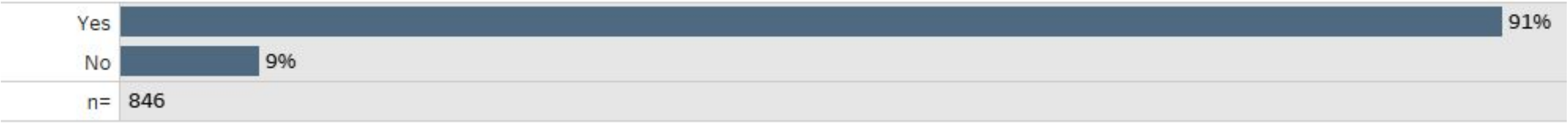
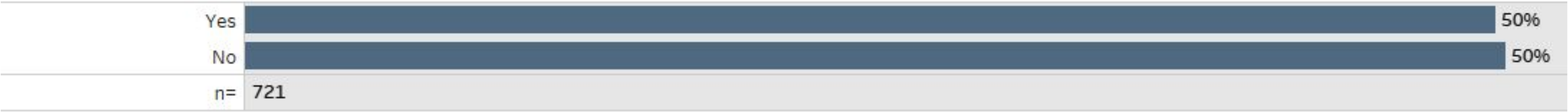
Consumer Survey- Day Trip Visitors

Day Trip Characteristics

In the last 3 years, have you taken a DAY TRIP to a Minnesota ski area?

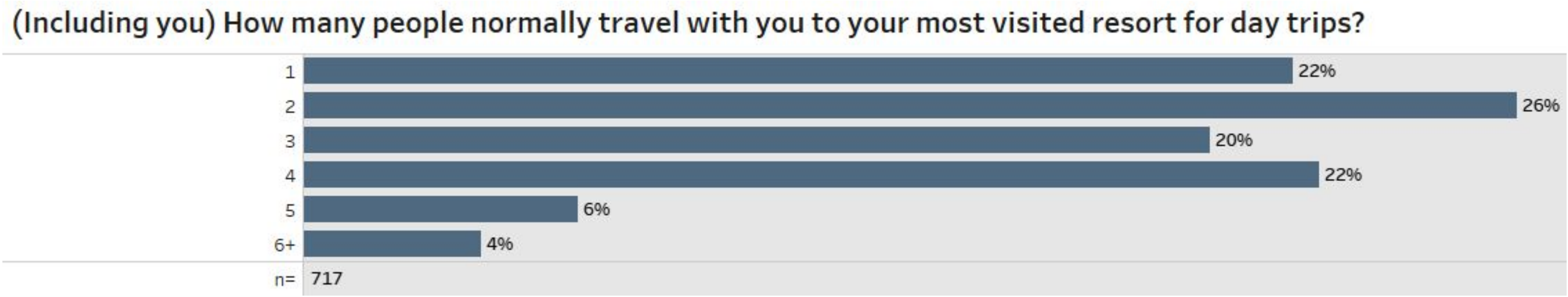


In the last 3 years, have you owned a season pass to your most visited resort for day trips?



- Most respondents have taken a day trip to one of the Minnesota ski resorts over the last three years (91%).
- Respondents were nearly evenly split on whether or not they had owned a season pass to their most visited ski area.
- On average, day trip visitors traveled nearly 42 miles to get to their most visited day ski area.

Day Trip Visitors



- Nearly one-fourth of visitors traveled by themselves to their most visited day trip ski resort (22%), with just under half of visitors stating that they traveled to these resorts with small groups of 2 or 3 (46%).
- Just one in ten visitors traveled in groups of 5 or more for day trips (10%).

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Day Trip Visitor Satisfaction Ratings

- Overall, day trip characteristics received very positive satisfaction ratings, with most average scores at 3.7 or higher on a 5-point scale. The lowest of these was childcare, where visitors tended to neutral about the service.
- Quality of grooming and overall staff/customer experience were both rated highly, with 82% of visitors rating the categories as 4 or 5.
- Lowest rated were the quality of food, retail store, and quality of chalets/buildings.

Please rate your satisfaction with the following characteristics for your most visited resort for day trips:

			Percent Responding:		
Rating Category	n=	Avg.	Poor (1 & 2)	Neutral (3)	Excellent (4 & 5)
Quality of Grooming	709	4.23	3%	16%	82%
Overall Staff/Customer Service	710	4.23	4%	15%	82%
Ski School	282	4.07	4%	28%	68%
Ticket Purchase Process	667	4.02	8%	19%	73%
Lift Quality/Uphill Speed	704	3.94	9%	20%	71%
Parking/Shuttle Service	669	3.88	11%	22%	67%
Lift Line Waits	703	3.85	13%	21%	66%
Variety of Trails/Terrain	709	3.80	12%	24%	64%
Level of Slope Crowding	698	3.80	11%	26%	63%
Quality of Chalets/Building Spaces	681	3.75	12%	26%	61%
Retail Shop Experience	333	3.72	9%	35%	56%
Quality of Food	608	3.69	10%	29%	61%
Childcare	123	3.21	10%	67%	24%

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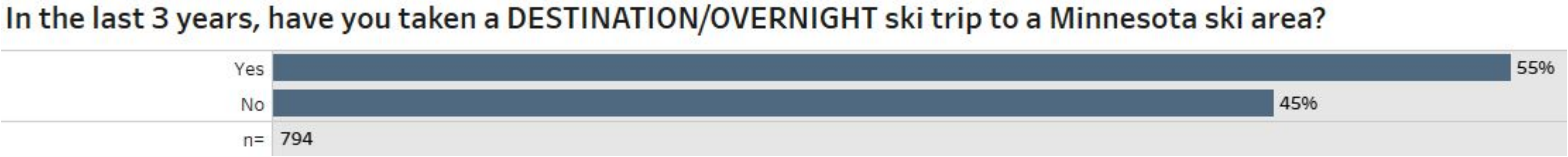
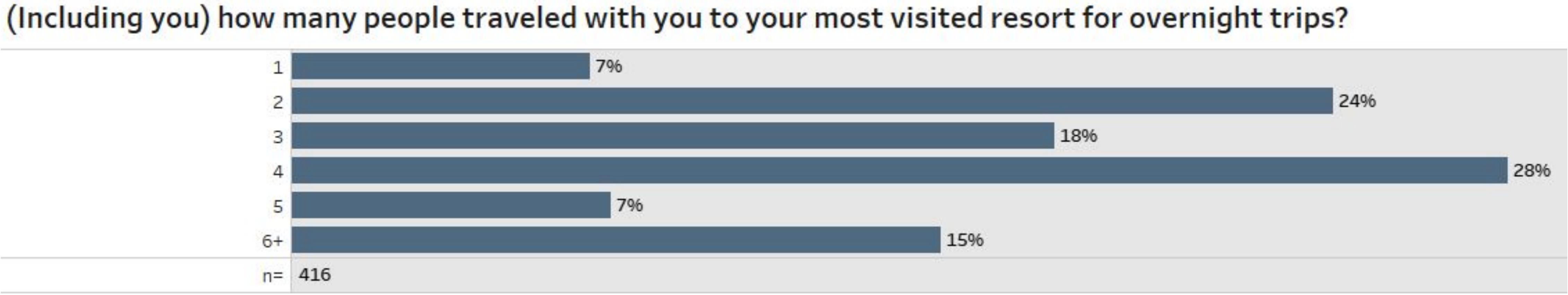
Consumer Survey- Overnight Visitors

Overnight Visitor Ski Trips



- Just over half of respondents reported that they had taken an overnight trip to a Minnesota ski area over the last three years (55%).
- On average, overnight visitors traveled nearly 200 miles to get to their most visited overnight destination.

Overnight Visitors



- While day trips showed higher solo and small group travel, overnight trips skewed slightly more towards larger parties, with the share of overnight trip parties of 5 or more being more than double (22%) that of day trip parties.
- Overnight visitors also traveled by themselves at a much lower share than day trips, with the share of overnight visitors (7%) being about one-third that of day trip visitors.

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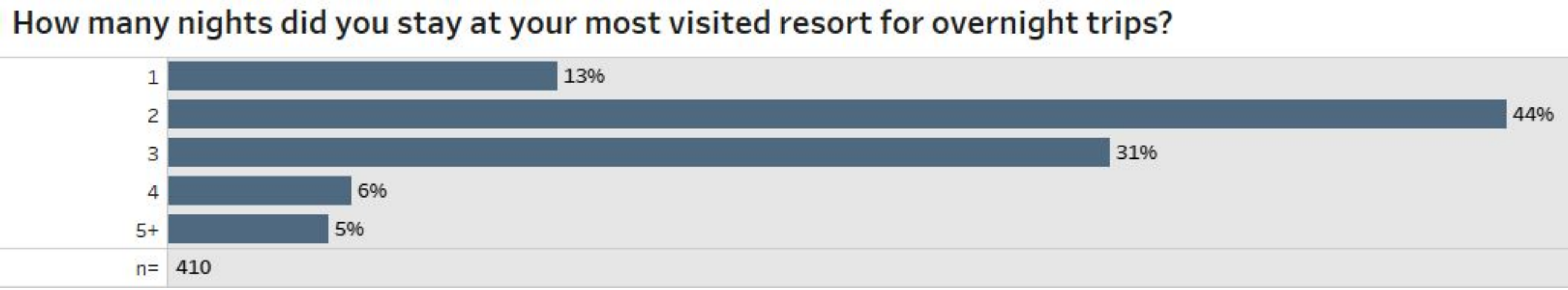
Overnight Visitor Nights Spent



- Overnight visitors typically spend 2 (44%) or 3 (31%) nights when going to their most visited ski resort.

Overnight Visitor Satisfaction Ratings

- Overnight visitor satisfaction ratings were typically higher than their day trip counterparts, with most rating categories at or above 4 points on a 5-point scale.
- Consistent with day trips, the lowest rated category was childcare, followed by ski school, quality of food, entertainment/après ski options, and ticket purchase process.
- Overnight visitors highly rated the variety of trails/terrain (4.5 out of 5), quality of grooming (4.4), and lift quality/uphill speed (4.4).

Please rate the following characteristics for your most visited resort for overnight trips:

			Percent Responding:		
Rating Category	n=	Avg.	Poor (1 & 2)	Neutral (3)	Excellent (4 & 5)
Variety of Trails/Terrain	406	4.51	1%	7%	92%
Quality of Grooming	407	4.40	2%	9%	89%
Lift Quality/Uphill Speed	406	4.39	2%	11%	86%
Level of Slope Crowding	397	4.29	1%	16%	83%
Lift Line Waits	406	4.29	3%	14%	83%
Overall Staff/Customer Service	406	4.20	3%	15%	82%
Quality of Chalets/Building Spaces	394	4.11	3%	17%	80%
Retail Shop Experience	234	4.04	2%	25%	74%
Lodging	321	4.03	6%	18%	76%
Parking/Shuttle Service	375	3.94	8%	21%	71%
Ticket Purchase Process	404	3.89	10%	18%	72%
Entertainment/Après Ski Options	261	3.84	7%	28%	65%
Quality of Food	365	3.73	7%	33%	60%
Ski School	86	3.69	2%	56%	42%
Childcare	63	3.46	3%	67%	30%

Conclusions

- The Minnesota downhill ski Industry generates significant economic benefits with $378 million total economic output and 3,340 year-round equivalent jobs for the state.
- Minnesota ski areas generated nearly $89 million in on-mountain revenue for the 21/22 season.
- Skiing is important to Minnesota residents; residents ski 1.73x more days than the national average.
- Visitors tend to be White, income diverse groups of middle-aged families with children at home.
- Both day and overnight visitors were positive on satisfaction ratings, with most average scores at 3.7 or higher on a 5-point scale.

Thank You

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Appendix: Summary of Economic Impact Breakouts

Overall Minnesota Ski Industry Economic Impact

Winter trip-related spend	Ouput	Jobs	Earnings	Value added
Direct	$130,502,644	1,753	$41,829,654	n/a
Indirect	$67,453,051	301	$18,799,364	n/a
Induced	$72,389,811	437	$21,637,373	$41,067,519
Total	$270,345,505	2,491	$82,266,390	$148,633,942

Non-trip equipment and apparel spend	Ouput	Jobs	Earnings	Value added
Direct	$29,622,353	339	$9,588,829	n/a
Indirect	$12,020,751	51	$3,741,230	n/a
Induced	$15,916,090	96	$4,757,350	$9,028,893
Total	$57,559,194	486	$18,087,409	$34,815,151

Resort operator capex	Ouput	Jobs	Earnings	Value added
Direct	$11,541,306	59	$4,804,809	n/a
Indirect	$5,543,827	21	$1,468,968	n/a
Induced	$7,489,347	45	$2,237,930	$4,249,904
Total	$24,574,480	125	$8,511,707	$13,473,559

Summer resort operator revenue	Ouput	Jobs	Earnings	Value added
Direct	$12,628,535	167	$3,993,470	n/a
Indirect	$6,524,432	29	$1,829,390	n/a
Induced	$6,952,339	42	$2,078,032	$3,944,132
Total	$26,105,306	238	$7,900,892	$14,353,911

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