



Govern d'Andorra

8th World Congress on Snow and Mountain tourism
Andorra-la-Vella, Principality of Andorra, 9-10 April 2014

Mountainlikers:
New Trends of Mountain Tourism for the Summer Season

Introductory remarks

Prof. Dr. Peter F. Keller
Scientific expert of the Conference

The economic importance of mountain tourism

There are no international statistics on mountain tourism. Estimates show that mountain tourism is one the major forms of the leisure tourism. It is also one of the few opportunities to develop poor mountain regions.

The mountain ecosystems define by their resources the economic activities

Mountain ecosystems are fragile. The climate is rough and the natural risks are high.

The resources for economic activities are limited.

Agriculture is mostly limited to breeding livestock and to forestry. The only important resource is fresh water which supplies 80% of the world population and generates hydroelectric power.

The tourism paradox

What limits economic activities such as snow or steep mountains is often a resource for tourism.



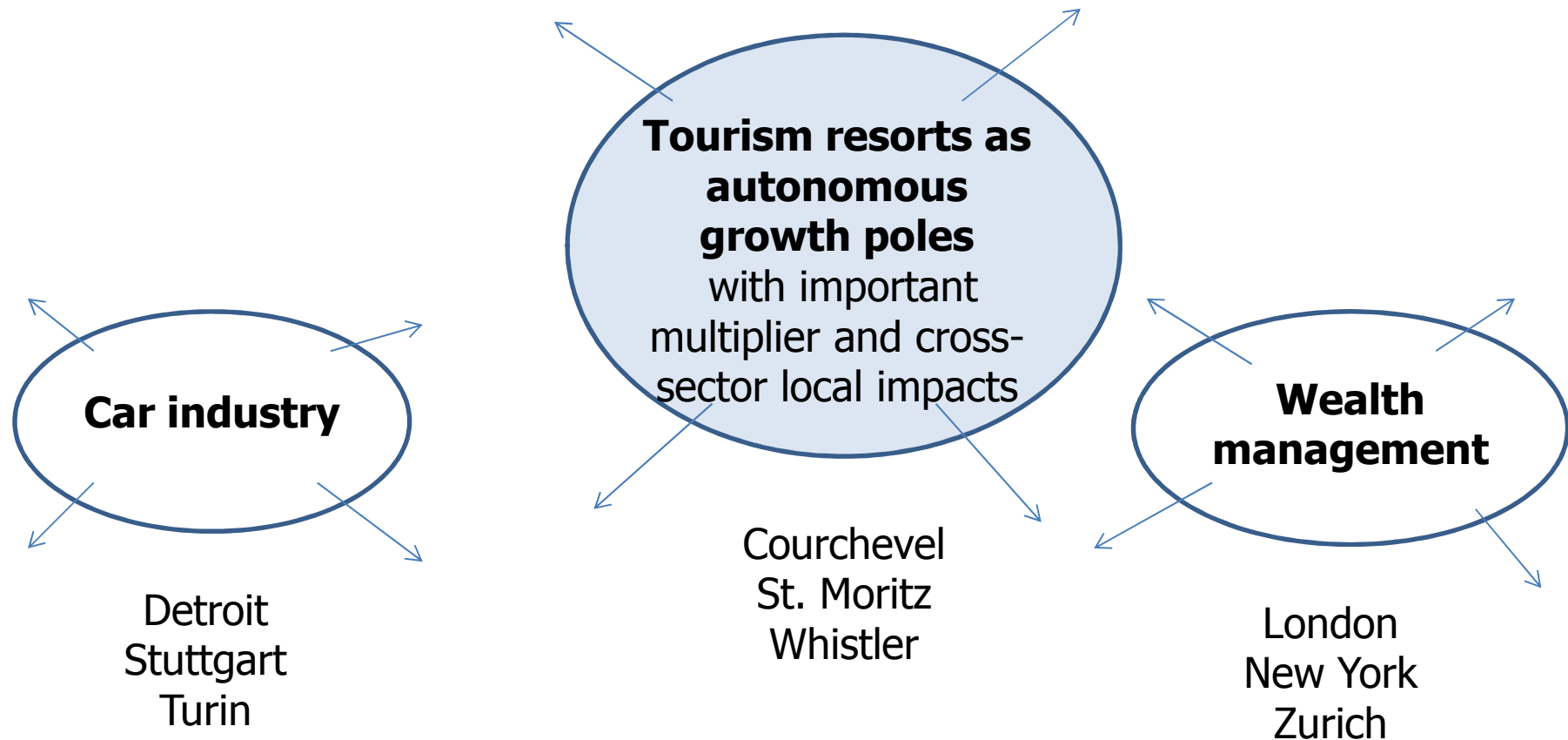
Topography and altitude make building and operating of mountain infrastructures and facilities expensive

Remote mountain regions cannot develop important industrial activities since **the transport and the construction costs are often too high.**

It was not possible to create strong service activities **in the remote hinterland of dynamic agglomerations** since local markets are too small and the necessary know how sharing among experts like in urban centers is not possible.

**Tourism is often the only
alternative for growth and
development in mountain
places**

Mountain tourism created in many places autonomous growth poles with high income per capita for the resident populations



The framework conditions for successful mountain development

Important natural and manmade attractions, low time and transport costs from the principle markets of origin, the existence of local and international communities with tradition in alpinism, hiking or skiing guarantee growth and development of tourism destinations.

Mountains are spread all over the world but not all have the potential to be developed

Mountains cover 24% of the world's land surface. They range over every continent and all major types of ecosystems, from deserts to tropical forests.

Only territories with **unique and important attractions such as peaks and suitable for alpinism, hiking or skiing can be successfully developed.**

They are mostly situated in "Alpine" and "Subalpine" zones.



Mount Everest



Kilimanjaro



High Tatra



Pyrenees

Attractions stimulate the willingness to pay of the visitors and the size of the resorts



Dolomites, Southern Tyrol, Italy

The **willingness to pay** for unique attractions gives companies **rents in form of strong brands** and allows them to practice **value based pricing**.

The bigger the attractions **the higher the returns** and the more companies settle around these attractions. The more companies operate in a given place the more they profit from **external economies** in form of better access roads or attractive skiing areas.

These processes determine also the size of mountain resorts.

Mountain tourism depends on strong home and nearby markets

Promoting mountain tourism makes only sense if the **principal markets** of origin **are not too far away from the mountain resort** and if there exists in these markets **significant communities with interests for mountain stays and skills for leisure sports activities in mountains.**



Stuttgart
Zurich
Munich



Driving time by
car from the
three cities

1h 47m
1h 44m
1h 47m

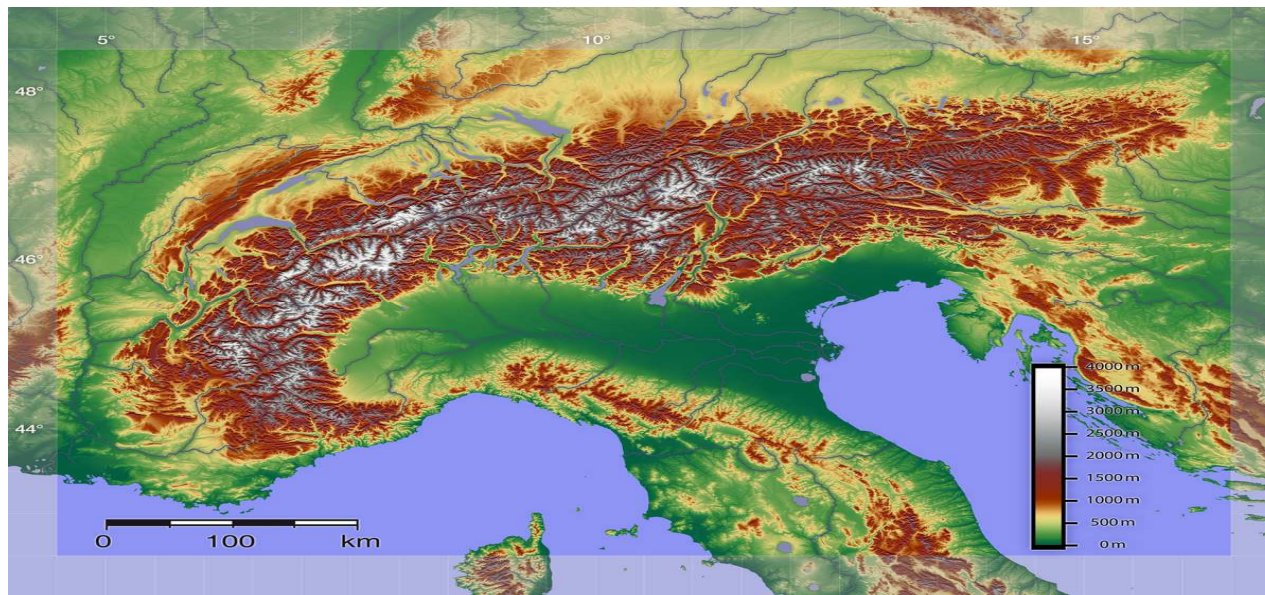


Allgäu

The level of development matters

The **Alps**, by far not the biggest mountain range, are the world's leading **mountain destination** due to their geographic situation in the middle of rich countries with a long mountain tourism tradition.

The Alps are visited by **about 500 million excursionists and tourists** (CIPRA, 2012)



The past Alpine mountain tourism booms

Mountains were for a long time considered as fascinating but also dangerous areas of chaotic nature which frightened people. **They only became a destination in the early 19th century.** Philosophers, poet and painters saw in the mountains a sort of paradise and initiated **a run to the Alps** by young men eager to discover Europe for completing their education. These forerunners were later on followed by the upper classes of the “Belle Epoque” whom Veblen called the **“leisure class”**.

Independent innovators built during the first Alpine boom most of the actual summer tourism structures

They developed the most attractive mountain resorts by **using their own expertise, the implicit local knowledge, the most recent innovations in tourism related industries and their own fortune** without any support of the state.

Guyer-Zeller built the Jungfrau railway with his own money.



Hotel Jungfrau Victoria 1856



Mountain cog wheel railway up to 3'454 m above sea level to the Jungfraujoch 1912, visited by 760'000 visitors in 2012

The popularisation by paid leaves and by individual motorisation led to a second boom of summer tourism in the mountains



*Josef Heinrich Darchinger;
Wirtschaftswunder: Germany after
the War; 2008*

Source: www.wissenschaft-shop.de

The transformation of skiing into the leading mountain tourism industry induced the third mountain tourism boom

Granvalira in the Principality of Andorra is one of the 20 most important ski resorts of the world with more than one million skier days.



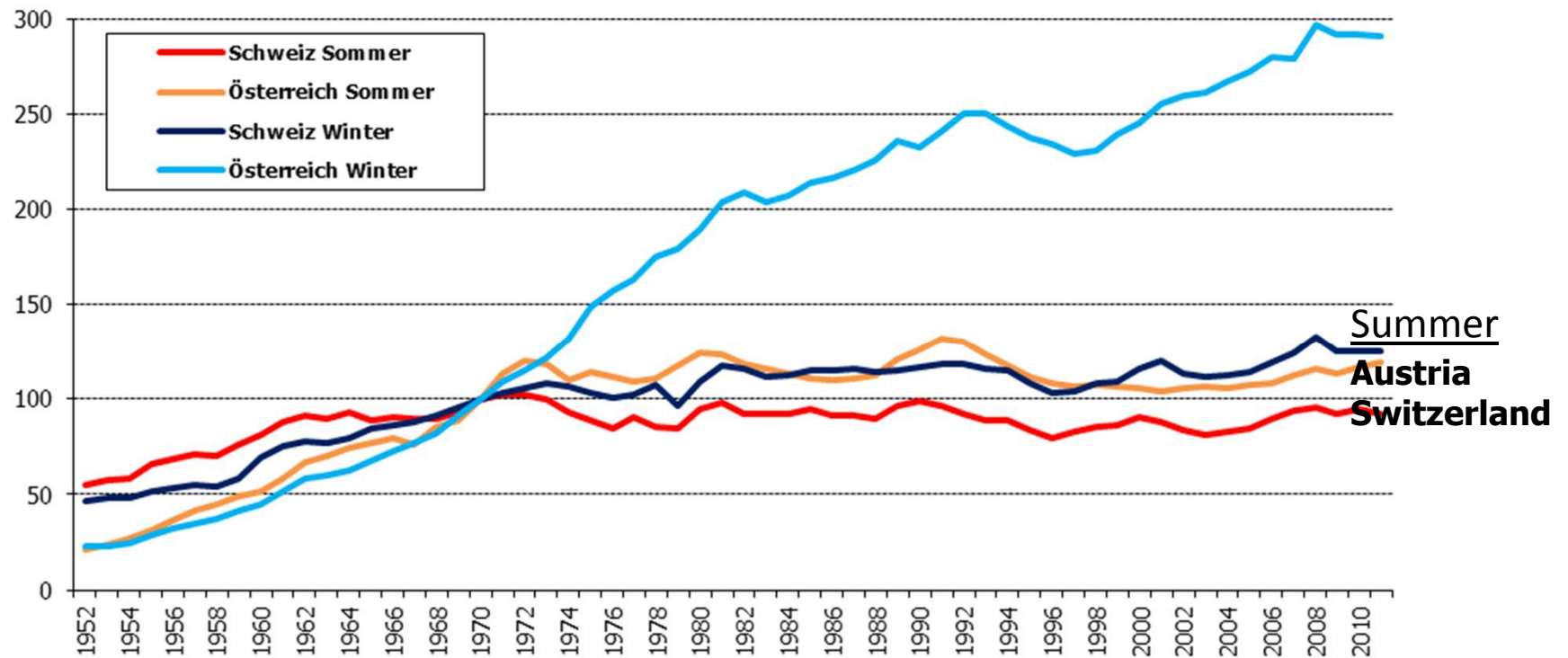
Francesc Vilodomat, a ski champion and independent innovator, was at the origin of skiing in Andorra and created Granvilara only about 50 years ago.



Maturity of strategic products and structural change

The summer season is stagnating in important mountain countries.
Mountain summer tourism is nowadays a multi-segment buyers' market.

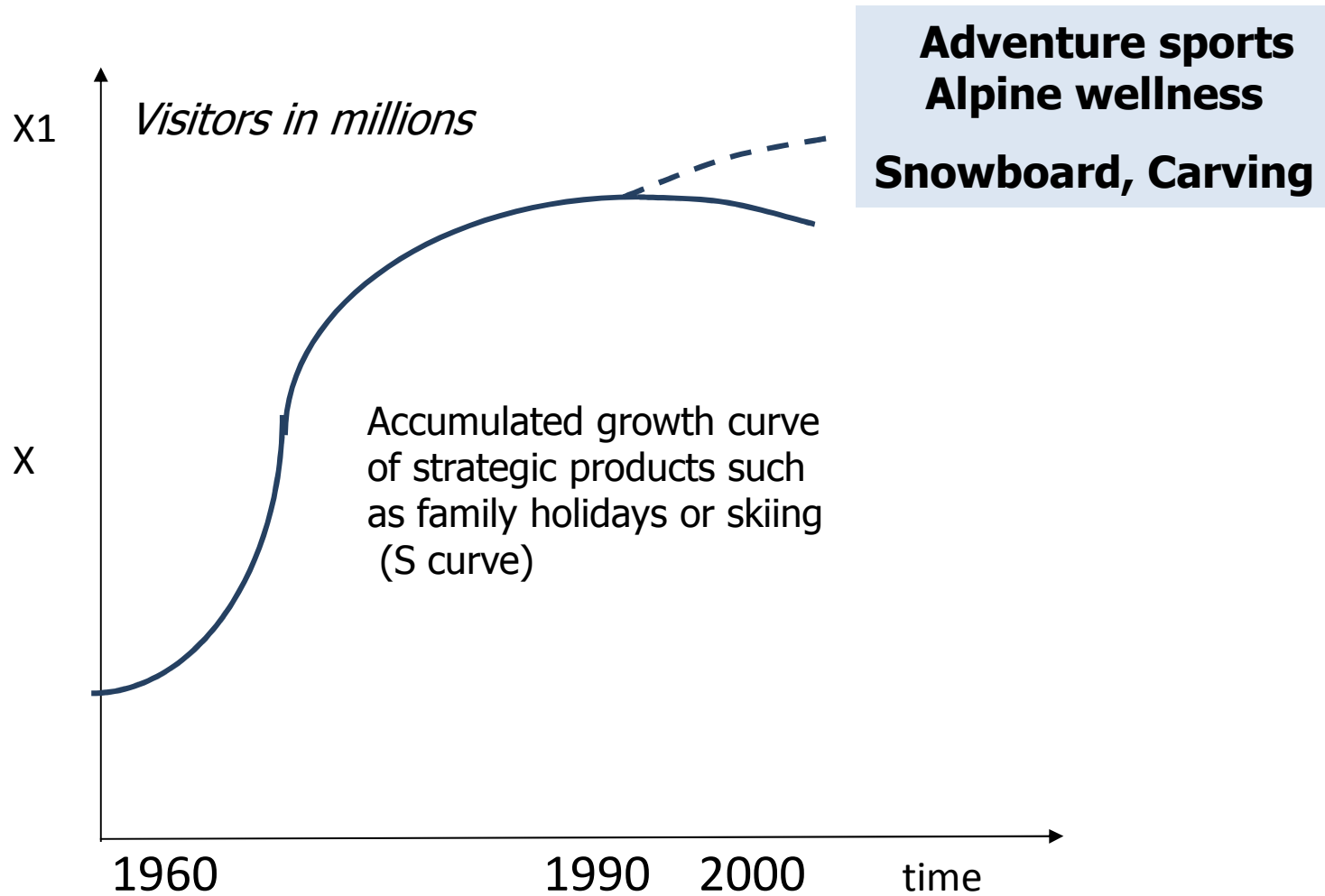
Summer tourism is stagnating since the first oil shock in two major Alpine countries



Night spending in hotels, indexed : 1970 = 100

Source: Richard Kämpf, SECO Tourism, SFO, Statistik Austria: Accommodation Statistics, Estimates BAK BASEL

The life-cycle of the strategic mountain tourism products is declining despite rejuvenating innovations



New market conditions changed summer tourism in mountain areas

Market conditions

Globalisation, proliferation of destinations, price competition

Priority to visit at the best times the most attractive places

Easier accessibility of mountain resorts, boom of secondary homes

New adventure sports facilities and new Alpine wellness replacing spas



Structural change

Lesser family holidays in mountains and change from a sellers' in a buyers' market

Concentration of the demand on always fewer places

More weekend stays and excursions spread through the whole year

More niche activities

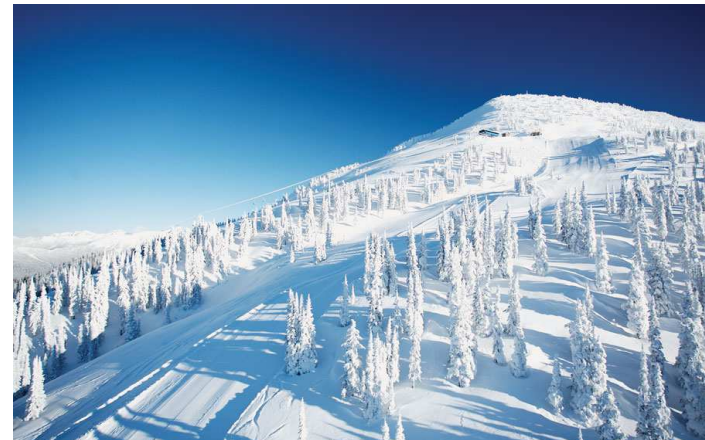
New trends in mountain summer tourism

There are some important trends which support the assumption that summer tourism in mountains has still an important growth potential for many market segment.

The seasonality as an asset of mountain tourism

Mountains bring relieve for those who suffer from a winter depression due to the often long lasting fog. **They make life easier when heat is striking the flatland in summer.** The seasons fascinate with their different colours.

Seasonality is less and less a constraint but an asset. Mountain tourism is no more bound to one skiing week during winter and the three weeks of family summer holidays, both determined by school regulations. **Mountain tourism is on the way to become a whole year around activity.**



Warmer summers are creating a new leisure atmosphere in mountain resorts

Summers are becoming warmer and last longer in mountains.

Palm trees on public places where people drink coffee, mark the new mountain atmosphere. It is possible for the visitors to live in the open air which is pure and fresh. Swimming in the clear waters of mountain lakes is becoming always more attractive.



Spring and summer in the Sub Alpine region of Ticino

The outdoor boom is a driver of mountain tourism which is a laboratory for new leisure sports disciplines

Everything which takes place outdoor is nowadays a hit. **The megatrend for healthy life far away from organised mass sports is the rationale for the new outdoor boom.**



Mountain biking is on the way to become after hiking the second pillar of the summer season in mountain areas.

VallNord, Principality of Andorra

Visitors and investors from emerging countries contribute to the revival of Alpine summer

Heavy investments of half a billion Euro in **the rejuvenation of an old high end resort with spa** by a state fund from a GCC country near Lucerne



Asian visitors in high mountains

Urban places in or near mountains boom

Tourism of attractive cities in or near mountain ranges are booming in three continents. **These cities are also interesting nearby markets of origin for mountain regions. They are gateways for international markets for mountain regions in their hinterland.**



Vancouver



Whistler



Ulsan



Seorak-san

Trends, market economy and state

A new mountain tourism boom can neither be expected nor excluded. Market economy is moved by trial and error. It cannot be planned and it is open to its results.

New trends are based on countless individual decisions. Innovative entrepreneurs adapt their products, procedures and distribution permanently to these trends. They have to overcome structural risks such as seasonality or bad weather.

The state should stimulate change and put forward market friendly framework conditions.

A mix of protected landscapes and easy accessible mountain attractions increase the number of visitors

Natural and regional parks are booming in mountains. They protect the uncontested intrinsic value of mountain nature and landscapes. These resources can only be exploited economically by **investments in facilities and services which make access easy for attracting visitors willing to spend money for their Alpine experience.**



Natural Park, Val de Sorteny, Andorra



Cabrio cable car, Stanserhorn, Switzerland

Innovative entrepreneurs adapt their products step by step to new trends

Magic glacier and snow experience for Asians on the Mount Titlis during summer, 3'020 m, Engelberg



From a top high end destination of Switzerland 1890



To a mass destination for intercontinental guests 2014



Rotating cable car



Suspension bridge



A former Palace hotel for Indian guest

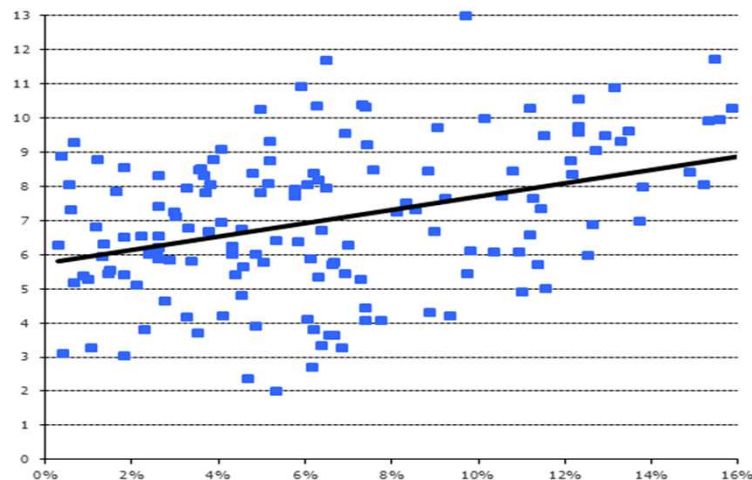


Cooled glacier cave

It is easier to overcome seasonality from the perspective of the destination as a whole rather than for the individual company

Reasons to open an establishment

A high number of wellness products can stimulate mountain tourism in and out of the season



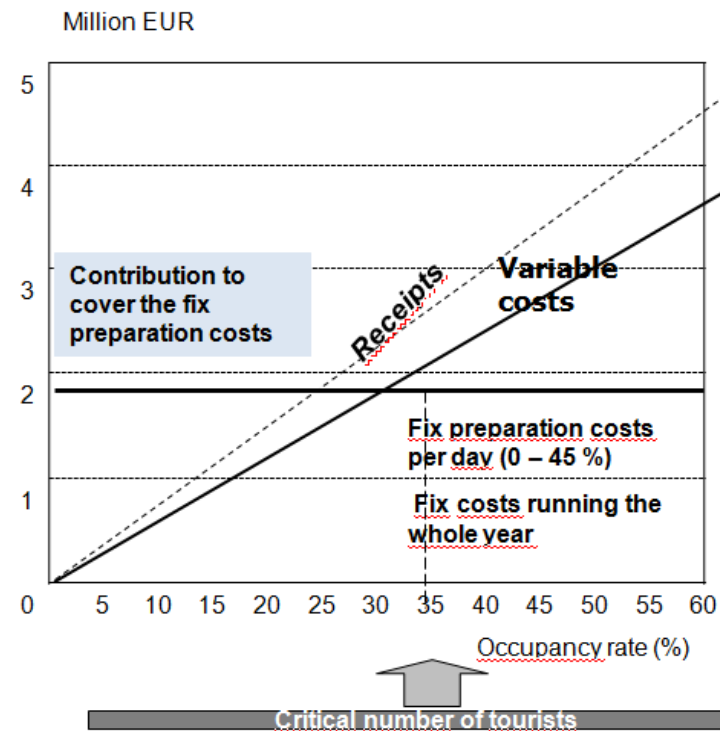
Summer Index for the Product Variety for
the out of season months of May and
November 2010

Wellness products

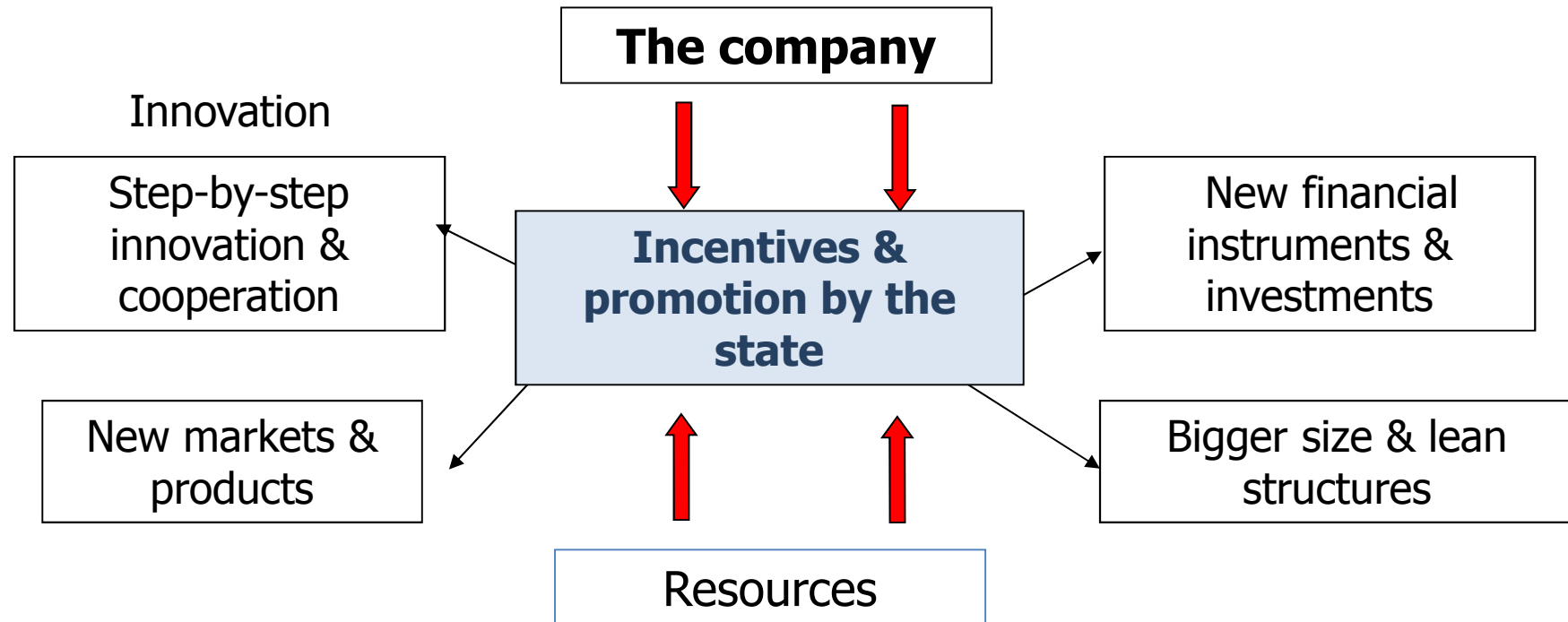
Source: Richard Kämpf, BAK, SECO 2012

Reasons to close an establishment

The number of guests of a hotel should cover at the minimum the fix and the preparation costs before it opens



Only companies can create wealth but the state can stimulate innovation and accelerate the adaptation to structural change



Tatry Mountain Resort SA as an initiative to rejuvenate mountain resorts in Central Europe



Concluding remark

Mountain summer tourism is not homogenous market. It depends a lot on home and nearby markets and is therefore not strongly internationalised. But its strategic products, put on the market by the leading mountain destinations of the world, don't differ very much from continent to continent.

There is no doubt that there is a common ground for exchanging experiences on mountain tourism at the global scale. We are therefore very grateful that eminent speakers coming from 16 different countries and four continents accepted to come to Andorra La Vella to discuss with us about the future of mountain summer tourism.