The Impact Of Snowboarding On Retail Marketing Essay, Research Paper

The ski industry has been around since the beginning of the

century. Since that time the retailing industry of the ski world has

been on a steady increase. At the beginning of this decade the

increase began to skyrocket. However, skiing was not the reason

for the growth. The reason for the dramatic increase in industry

sales in the retail world of skiing was due to snowboarding. By

now almost everyone in the country has either seen a snowboard,

ridden one, or knows someone who has. The purpose of this paper

is to discuss what snowboarding is, and to shed some light on the

financial aspects of this new sport.

Snowboarding hit the scene in 1972. Jake Burton, at the age of 15,

decided that he had enough of skiing and wanted to do something

a little different. With a little ingenuity and some of his dad?s tools

he began working on the first snowboard. His project lasted about

three weeks and when he was done he decided to take his

invention to the slopes and she how it worked. This was almost

the end of snowboarding. Every slope Jake went to denied him

access, saying that they only allowed skis on the hills. Jake was a

very determined kid and this did not stop him. He began hiking

every backcountry trail he could find and he became quite efficient

at snowboarding. At the same time he continued to knock on all

the ticket windows at every resort but still had no success. He

decided that the only way he could prove his invention was

nothing more than a different version of a ski would be to make a

video of himself riding down the back country hills. This was no

easy task, keep in mind the year is 1972. Jake was determined and

he met up with a guy named Craig Kelly who at the time was into

video production of skateboarding and skiing. Jake gave the sales

pitch and Craig bit hook, line, and sinker. The next week the video

was complete and Jake took it to all the resorts with Craig and they

pled their case. By this time Jake had made about a dozen more

prototypes of his snowboard and all his best friends were riding

them. Finally a small mountain, Okemo, said "O.K. Jake you can

ride, but only during the week" This was all it took and from then

on almost anyone that saw this crazy kid zipping down the hill on a

wooden board with both feet strapped to it began to ask

questions. From that moment on Burton Snowboards, INC. was

created and is now the number one manufacturer of snowboards in

the world. (Burton 1988).

In the 1980?s snowboarding was still not extremely popular and it

was very rare for a resort to allow it on the hills. As the yuppie age

ended and the Generation X?ers began to get into skateboarding,

BMX bikes, bungee jumping, and roller blading, snowboarding

took off. By 1991 eight-five percent of all ski resorts allowed

snowboarders to share the mountains with skiers. (Gatlin 1993)

According to the same article over 73% of the people

snowboarding in 1991 were under the age of 25. This age group

typifies Generation X. Along with snowboarding came an entire

new image. Brad Wilson, the marketing director for Big Bear

Mountain in southern California summed it up well with this quote:

"It was kind of like the 1960?s all over again, snowboarders dress

differently, they have different haircuts and they ride on this

different-looking board down the hill." (Feldman 1995). In an age

where being different is normal, snowboarding just seemed to fit

right in to the picture. Now, in 1996 only 3% of ski resorts do not

allow snowboarding. The resorts have realized that if they want to

stay in business then catering to snowboarders is one of the

easiest ways. Many resorts have begun to add new trails to the

mountain just to accommodate snowboarding. Most of these extra

slopes have huge jumps, half-pipes, tables, trashcans, metal pipes,

and even cars for snowboarders to jump on or over. The most

important feature of these special slopes is the fact that skiers are

not allowed on them. The reason that many resorts have added

these snowboard parks is because of the problems between skiers

and snowboarders. (Feldman)

Roger Hauser, the director of Massanutten Ski School, said that

there were quite a few reasons the resort added the "snowboard

only" park five years ago. First of all, he said the mangers of the

mountain were taking a lot of "heat" from skiers because of all the

jumping and tricks the snowboarders were doing on the slopes. He

said that when kids are doing tricks they are going to be falling

down, when they fall down people run into them. So the mountain

added the park and now limits snowboarders who want to do tricks

to use that slope. The rest of the mountain is still open to

snowboarders. Hauser said that since the park was opened there

has been a dramatic decrease in injuries between skier and

snowboard collisions. He also said that business has picked up

about 15% in the past five years, which he believes is attributed to

snowboarding.

Ski resorts are not the only place that business has picked up in

the past five years. The main area of financial growth is the actual

snowboard manufactures of snowboards. Currently there are 117

snowboard companies in the world. (Schacter) Of the 117 there are

five that hold 50% of the market. Burton is number one with an

annual sales of around 30million, Ride is number two, and three,

four and five are: Sims, Morrow, and Anthony. (Baker 1995)

Morrow and Ride have seen the most dramatic increases in the

industry since 1993. The total current assets for Ride in 1993 were

$2,365,000 and in 1995 they were up to $37,139,000. Morrows total

current assets went from $6,607,000 to $31,179,000 in the same time

period. Net sales for both companies went up dramatically in the

past five years also. Ride has seen a net sales increase of 611.2%

while Morrow?s sales have increase 74%. (These figures are

directly from the company records of both companies.)

The cost of snowboards is one reason that sales have gone up for

these companies and it is also another reason for the popularity of

snowboarding as compared to skiing. If Joe Public sixteen-year-old

wants to start snowboarding he is going to need to get himself

some equipment. The average cost of a complete setup, which

includes a snowboard, bindings that hold the board to the feet of

the rider, and boots, costs around $450 according to Transworld

Snowboarding 1996 buyers guide. If the same kid would want to

set himself up with a ski package he would have to get the skis,

bindings, boots, poles, goggles, neon ski-outfit (required for

skiers), and multiple other flashy accessories. The average cost of

a new ski setup is around $850 according to Ski magazine 1996

buyers guide. It is clearly cheaper to get into snowboarding. This

price advantage of snowboards over skis is much more attractive

to the average teenager who probably doesn?t have much money

anyway. It is also more attractive to Mom and Dad to spend less

on a snowboard than skis.

Sepp Kobler, the manager of Freestyle Sports in Charlottseville,

said that five years ago snowboards and accessories accounted

for about 5% of all sales in the shop. Now it accounts for close to

30%. Kobler feels that if it were not for the dramatic increase in

snowboarding he would have had a hard time keeping the shop

open. "Kids are into it, and so are there folks, its cheaper, its more

fun, and its easier to learn" says Kobler. A sales clerk at Bear

Mountain, Brian Almarez says that is extremely hard to keep the

hooded flannel shirts in stock. Also, the baggy pants "fly out the

door faster than natty neon-colored ski wear." Almarez also states

that "you don?t see too many snowboarders out there who aren?t

making a fashion statement." (Feldman)

The final area of retailing that has reaped many positive benefits

from snowboarding is in the sales of lessons. The author, a

professional snowboard instructor, has seen lessons go up 50%

each year over the past three years at Massanutten. Considering

that a one-hour private lesson costs $30 this is a huge increase in

revenue for ski resorts. Hauser, the Massanutten Ski School

Director, expects snowboard lessons to be on the rise this year.

"The rental shop has ordered about 150 new boards and we have

added a few more promotional events to keep up with the demand

for snowboarding" said Hauser. According to the Professional Ski

Instructors of America winter 1996 newsletter, every resort that is

P.S.I.A. accredited offers both ski and snowboard lessons.

Currently 35% of all beginner lessons at resorts are snowboard

lessons. (PSIA)

Snowboarding is currently in a huge growth stage. Even though it

came out in the seventies, the most dramatic increase the industry

has seen has been over the past 5 years. It is a sport that is

primarily appealing to Generation X. The image that goes along

with snowboarding is primarily defined as original. Snowboarders

do their own thing, but nobody (except the occasional skier) seems

to mind. Snowboarders have brought a breath of fresh air to many

businesses. These businesses range from manufacturers of boards

and equipment all the way to ski schools that are offering lessons.

Snowboarding is bringing large amounts of revenue to all of these

businesses. There are a few primary advantages snowboarding has

over skiing such as: appeal to younger population, cost of getting

started, and current popularity. From all of the research here it

would be easy to assume this trend will continue to grow. The

current population is into extreme-sports and generation X is

continuing to grow. It would also be easy to assume that over the

next few years not only will there be an increase in the number of

people snowboarding, but there will also be an increase in the cost

of snowboarding equipment. These factors will have positive

benefits on both the manufacturers of snowboards and the retail

stores selling the boards and equipment.

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