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Vail Resorts, Inc. F2Q09 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Felicia Hendrix with Barclays Capital.

Felicia Hendrix - Barclays Capital

Rob you actually just wrapped up the call saying that you think 34% of lift revenues comes from Season Pass in '09, but what I am wondering is a lot of the pass sales last year occurred before things started to deteriorate in September and I'm just wondering where you're getting your confidence from that you're going to get a lot of these pass holders to renew for this coming season?

Rob Katz

Two things, one is I don't think I really commented per se on what sales would be for next year. I think what we are saying though is that we have seen a tremendous amount of enthusiasm from the holders of these Epic Season Passes this year. Based on a lot of our research with them we actually do believe that there is a high intent to return. We also did sell a pretty big chunk of our Epic Passes, and our Colorado Passes for that matter, after September of last year to the entire fault time period.

I think what we're seeing this year, in terms of the higher pass usage at our resorts its that people are really purchasing these passes and using that as their full vacation experience for the entire winter and I think they feel like they are getting a tremendous value from that.

I guess that is what gives us confidence, but we are not making any projections at this point in terms of what pass sales will be like for the ?09/'10 season yet.

Felicia Hendrix - Barclays Capital

Okay and then moving on, I am wondering how responsive your destination visitors have been to the promotions out there. I know you guys are doing a lot, but I am wondering if you think there are some other things you could do to encourage destination visitation or if the current promotions and discounts are meeting those needs.

Rob Katz

I think what we're finding is that the biggest driver of getting people to make a decision to come to visit us right now, in terms of those who are looking for a deal, is really lodging. There is no question that we do packaging in either lift tickets or ski school, or other products. With that, the lodging is the primary driver and then airfare. I think we've certainly been fortunate this year that airfare has come

down through the entire season. I think that's helped somewhat offset the huge headwinds that we've been facing from the macro economic environment, but I think lodging is the primary driver and so we are constantly – we've been out every week with new promotions, new opportunities for people to come whether that was the holidays on us, or spring break on us, or ski free, stay free. I mean, we are just constantly promoting and hitting that drum.

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