EXCERPT: Ski resorts are on the front line when confronted with the consequences of changes in the business environment, changes in climate and sociological changes. So what are the changes that ski resorts will need to adapt to in the next 10-15 years?
We are in 2025. Global weather patterns have changed and have had different effects in different regions of the world. Not only have energy prices skyrocketed but the availability of energy is uncertain. Society now has a different approach to the sport: skiing has changed.

KEYWORDS: Weather patterns, Energy markets, Sociological change, adaptation, future ski resorts

1 INTRODUCTION

Ski resorts are faced with a constantly evolving environment. They are on the front line when confronted with the consequences of changes in the business environment, changes in climate and sociological changes. Changes to which they are constantly adapting.

However it is not the slow gradual change that happens everyday that shapes businesses. It is the large unexpected changes that shape our future and to which it is more a challenge to adapt.

What are the main changes that ski resorts will need to adapt to in the next 10-15 years?

We are in 2025. Global weather patterns have changed and have had different effects in different regions of the world. Not only have energy prices skyrocketed but the availability of energy is uncertain. Society now has a different approach to the sport: skiing has changed.

2 CHANGES IN WEATHER PATTERNS

« Among abstracts in peer-reviewed scientific literature expressing a position on anthropogenic global Warming, 97.1% endorsed the consensus position that humans are causing global warming » (Cook et al, 2013).

And although models are still uncertain about the local effects of this on snowfall, one thing they do agree on is that there will be changes in weather patterns.

2.1 Too little snow

Climate change and the acceleration of climate change is also known as “global warming”. This term is commonly used to describe one of the consequences of changes in weather patterns: a smaller amount of snowfall due to an increase in average and extreme temperatures. The average snow cover measured at the “Centre d’étude de la neige” at Col de Porte in the Isère (France) has shown an average decrease of the snow cover of 40% since 1960.

Figure 1: evolution of the average snow cover at Col de Porte for the second fortnight of February, Etchevers P, 2002.

Even thought the time scale of this study is relatively short, it could be representative of what will happen in certain mountain ranges and is confirmed by the OECD study on the effect of climate change on the European alps.
By 2025 this will have been amplified to such a point that ski resorts will no longer be profitable if their business model has not changed.

2.2 Too much snow

Climate change will also increase the amount of extreme weather events such as large snowstorms bringing exceptionally large quantities of snow. But in the same way as too little snow is not good for business, paradoxically too much snow is not good for the business either. These large amounts of snow could block access roads to the resort, literally “snow-in” ski lifts and potentially keep customers that are already in the resort away from the slopes since most customers object to skiing in bad weather.

2.3 Snow at the wrong time

In the Northern hemisphere, the profitability of ski resorts is closely linked to the availability of snow at specific times of the winter: Christmas, New Year and winter holidays. These periods are usually the biggest and busiest weeks of the year. This implies that the bulk of the financial turnover is realised during the same period. However by 2025 the change in weather patterns means we could see snow outside of these periods: before or after the ski season. The latest example happened in December 2012 with resorts in Colorado struggling to open minimal amounts of terrain in time for the busy Christmas holiday season.

To quote Auden Schendler, the Aspen Ski Company’s Executive Director of Sustainability: “A lot of ski resorts run in deficit until March. One of the problems we could see is a compressed ski season as a result of global warming… If you lose March, you go out of business”.

2.4 Natural disasters

Recent events as well as scientific studies have shown an increase in “natural disasters” and avalanches of unusual size in mountain areas: St François Longchamp, France, 02/03/2012, access road to Tignes, France, 2012 & 2013 to quote but a few. These can potentially be linked to the climate change and the change in weather patterns: increased snow/rain precipitation, temperature variations, etc. (Frei C, 2007)

Infrastructures that are in place will need to be re-analyzed, updated, reinforced and potentially renewed. Lifts, buildings and roads that were deemed safe will need to undergo the equivalent of a “stress test” and most likely be insured at a higher cost.

3 CHANGES IN THE ENERGY MARKET

In today’s world access to energy is easy and relatively cost effective, thanks to the availability of large quantities of cheap fossil fuels. Several geopolitical factors such as the world’s ever-increasing energy demand, and the increase in the cost of energy could very soon make our access to energy more difficult and more costly.

3.1 Costs of energy have increased

The 2012 world energy outlook (WEO) report states: “Electricity prices are set to increase by 15% in real terms on average by 2035, driven by higher fuel prices, increased use of renewables and in some regions, CO₂ pricing”. This implies that the cost of all types of energy will have increased. This will have an adverse effect on the structural costs of resorts; from increasing the cost of lift operation and grooming, to heating, lighting and transport. And not the least impacting the cost of transport to get to the resort for customers, probably not reducing their on-site expenditure but making them think twice about the cost of getting there.

3.2 Uncertain availability of energy

“Energy demand & CO₂ emissions rise ever higher”; “Fossil fuels remain the principle sources of energy worldwide”; “Large scale investment in energy supply infrastructure is required to replace existing supply capacity and expand to meet growing energy needs”, etc. All these facts taken from the 2013 WEO point towards a discrepancy between supply and demand. By 2025 the question of energy will not only be about its cost, but also about securing the adequate supply.

3.3 Carbon footprinting

The 2013 WEO mentions “CO₂ pricing in some regions”. Whether it is from governments or investors there will be an increased pressure to not only report CO₂ emissions but also reduce them. In France for example all companies with more than 500 employees have to perform a mandatory GHG emissions evaluation. On several international stock exchanges initiatives like the CDP (Carbon Disclosure Project) are becoming part of the standard information investors request. In France again, under a recent decree from the
ministry of environment, it is compulsory to provide customers with information on transport related carbon emissions. This is applicable to ski resorts today and is an indication of regulatory schemes that await the industry in general.

4  SOCIOLOGICAL CHANGES

In an interesting collision of science, two reports from different countries (France and Germany) looking at the same subject but from a different angle (innovation management and sociology) came to the same conclusions about skiing and the future of skiing. According to these authors (Marias B, 2008 & Corneloup J, 2009) skiing will develop in four major directions:

- Skiing as all season mountain experience
- Skiing as a nature experience
- Skiing as an urban experience
- Skiing as a virtual experience

4.1 New developments in skiing

Skiing will no longer be the simple and straightforward experience it is today, customers will expect more: more connectivity with "skiing+X", more monitoring and gamification with apps & stats and sharing and also more nature and less impact.

4.2 New types of skiers

The so-called “best agers” (The world's ageing population) will be a large chunk of the market. Discount skiers will also be there and have different expectations. Customers from the BRIC nations will have different expectations again. And these will be different from those of today’s customers. They will expect more wellness, more of an emotional experience, a more diverse offering.

4.3 New competitors

With the rise of virtual skiing and “urban” skiing, competition will change. Your new competitors will be Playstation's, shopping malls and bars. New ski destinations, such as Russia, China and India will also emerge along with exotic destinations like Dubai and their ski dome.

5  ADAPTATION

However prepared and up to date you, your resort and your strategy are, you need to remember that gentle change is predictable. But it is not gentle change that affects the business environment. It is the unpredictable events that shape our future and our business, what Nassim Nicholas Taieb refers to as “Black swans”. You need to be prepared to adapt to these unexpected events. Because It is not the biggest company that survives, it’s the one that adapts!

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