Assignment 1 – Choose an Organization

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| Think of an organization in an industry of your choice. Discuss the historical background of the chosen industry. Elaborate on the current challenges in this sector and those of your fictitious organization.  Attention: Before you decide on your specific industry and organization, check out the upcoming assignments. Make sure you choose an industry you and your teammates are comfortable with and knowledgeable of. |

# The History of Skiing and Ski Areas

The history of skiing goes back more than 5 millennia. The earliest archaeological examples of skis have been found in many areas across Central Asia, Siberia, Mongolia and Turkey, where long ski-like boots were used for gliding through the snow during hunting for ages [1].

Many peoples who lived in climates where snow was prevalent for many months of the year developed and relied on some form of skiing in one way or another. Modern skiing, as we know it, however first appeared around 1865 in Scandinavia. In Austria, Germany and Switzerland, skiing only started gaining traction around the 1880s.

At the beginning, skiing was only used to deliver mail, or purely for military purposes. Nevertheless, it wasn’t long until skiing started becoming more popular beyond its utilitarian applications, both as a recreational activity and as a sport, which is what lead to the founding of first ski-related institutions: “Schneeschuh-Verein” and “Wiener Ski Club”, in 1890.

A significant hurdle at the time was the absence of ski lifts, which meant that skiers had no other choice but to ascend on foot to a height, before being able to ski down, which severely limited the number of downhill runs skiers could do in a day. [2]. It wasn’t until 1906 and 1908 that first ski lifts started getting introduced in Germany (Schollach) and Austria (in the ski resort Zürs).

With the invention and introduction of ski lifts, the new recreational activity became much more accessible to the people, thus increasingly becoming more popular – which lead to many railway constructions in close proximity to the ski areas, in an effort to facilitate and speed up the process of getting to and from the mountains.

Around this time, first ski schools started opening up and first competitions were held in slalom. Finally, in 1931, the first Alpine World Ski Championship took place in Mürren, Switzerland, and merely five years later, the alpine skiing competitions became part of the 1936 Olympic program in Garmisch-Partenkirchen for the very first time [3].

The evolution of alpine skiing into a mass sport accelerated even more during the 1950s. Ski slopes kept developing and growing at high rates, which was also around the time when first ski cable cards and lifts started being used, making skiing more and more attractive to the masses, and generally significantly easier.

Thanks to these innovations and the steadily-growing number of ski enthusiasts, ski resorts continuously kept developing further. That, in combination with a strong expansion of the tourist infrastructure in terms of ski huts, hotels, restaurants, ski lifts, etc., ski areas had all the incentives they needed to continue expanding existing ski resorts and open new ones. All of this naturally caused the number of skiers to grow exponentially from one year to the next, leading to a jump from five million skiers in 1950, to *35* *million* in 1975.

Over time, traditional skiing using two boards was introduced. Skis became cheaper and more secure over the years, which got more and more people hooked to the sport, while other variations of skiing, like snowboarding and heli-skiing also started gaining in popularity [4].

Nowadays, ski areas are very highly developed and equipped with the most modern of lifts, helping skiers and tourists get to the top of the mountain quickly, easily and above all else, as safely as possible. These days, ski resorts are taking this even a step further, trying to branch out and connect multiple ski areas, (similar to the recent merger of Lech am Arlberg and St. Anton am Arlberg), in an effort to offer even greater value and more possibilities to the visitors [5].

# Current Challenges

Despite the mass appeal and popularity skiing enjoyed throughout its history, the fact is that societal consumption and leisure behaviours are fundamentally changing. A big challenge that ski resorts are facing today, is the diminishing number of visitors each year, tracing back to the fact that interest in skiing, and snow sports in general, is slowly but surely tanking, especially among the younger generations. The capital-intensive snow sports have been stagnant in many places and for a long time too. This in turn raises the question of principle for mountain tourism: How to bring people back to the mountains, while competition caused by affordable long-distance holidays keeps rising?

The truth is: there is a big surplus of ski holiday offerings, and competitors are fighting fiercely and with full force. What’s more, the infrastructure investment cycles over the past 20 and more years are stable. And the question still remains: What will happen in the next 20 years? What’s the right next move to make, strategically?

Modern infrastructure is, and will likely remain vital. However, big investments also come with equally big risks. As it turns out, more and more ski resorts are kept in the dark with regards to whether or not their business model can generate revenues and margins big enough to finance their continuous depreciation, amortization and interest burden throughout the investment cycle.

# Conclusion

As we can see, digitalization can certainly make a difference. And unlike other megatrends, it does not develop linearly, but rather *exponentially*. Online platforms are now used as the primary means for booking any sort of a vacation. And as a result, consumers are given a very clear and transparent insight into the high supply and variety of different offerings. Cutting-edge technologies and shifting customer behaviours are transforming the winter and ski industry [6]. Alternative entertainment, augmented reality, customization, intelligent wearables, platforms, slope analytics and sensors, smart protection and sustainability are only some examples of the many game-changing technologies that will change this industry as we know it forever.

# References:

[1] <https://kurier.at/leben/skifahren-wer-hat-s-wirklich-erfunden/108.538.230>

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[4] [http://www.anl.bayern.de/publikationen/spezialbeitraege/doc/lsb1999\_06\_003\_messmann\_  
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[5] <https://www.planet-wissen.de/gesellschaft/sport/ski_alpin/index.html>

[6] <https://www.whataventure.com/blog/8-trends-driving-ski-innovation>