Vermont Ski Area Survey. 1970 J. Robert

B. Relative market position:

1. As of 1964, Vermont provided approx. 1/4 of the ski lift capacity in terms of uphill transportation (VTF/hr.) for the entire skier-market in Northeast North America. (See Exhibit 7, pg. 73) Roughly 1/4 of the 1963-64 "skier days" were spent in Vermont. Vermont had 27 out of approx. 142 major ski areas (i.e., 19.0%), which served the principal market regions from which most of the Vermont skier-customers originated.
Vermont ski areas had 80 of the 333 cable ski lifts (i.e., 24.0%) found at these major ski areas.
At this point, Stowe's claim as "...the ski capital of the East!" could have referred to Vermont as a whole.

2. Contrary to some opinions, Vermont ski areas may presently be experiencing a decline in relative market position. Examination of available secondary data reveals the following in terms of numbers and relative percentages:

   a. Vermont ski area relative growth declined from approx. 19.0% (1964) to approx. 16.9% (1970). For every new ski area built in Vermont from 1964 to 1970, seven to eight new major ski areas were built in the surrounding regions, which compete directly with Vermont.

   b. Vermont cable ski lift relative growth also shows a decline from approx. 24.0% (1964) to approx. 20.8% (1970). For every new cable ski lift erected in Vermont from 1964 to 1970, four to five new cable ski lifts were erected at the surrounding, competing ski areas.

3. It is beyond the scope of this survey to measure the competing ski areas' growth in ski lift transportation capacity (VTF/hr). However, two statistical factors (number of ski areas and number of cable lifts) show significant declines in relative percentages. These factors may be the "warning" signs that indicate a loss in terms of market strength and the corresponding "share" of the skier market in Northeast North America.
As pertains to the principal Northeast market sub-regions, prompt efforts should be made to gather the 1970 ski lift capacity data. Also, steps should be immediately taken to provide for measuring the 1970-71 ski season in terms of "skier-days". From the extrapolation of this type of data, the Vermont share of the skier market could be measured.

C. New Hampshire, New York & Massachusetts:

1. Both New Hampshire and New York State have extensive direct investments in the initial construction, expansion, and annual operation of five major ski areas:

New York State:	Number of Cable Lifts 1964	1970
a. Whiteface Mtn.	4	6
b. Gore Mtn.	1	8
c. Belleayre Mtn.	5	7
TOTAL	10	21

(See Exhibit 8, pg. 106, for area details)

New Hampshire:		
a. Cannon Mtn.	7	7
b. Mt. Sunapee	6	7
TOTAL	13	14

(See Exhibit 9, pg. 75 , for area details)

In addition to the financing of these ski areas, both New York State and New Hampshire carry on extensive winter sport promotional efforts.

2. The New York and New Hampshire public owned and operated ski areas charge $7.00 to $8.00 for an all day ticket. (See Exhibits 8 & 9, pgs. 74 & 75). If these areas are examples of providing low cost public skiing, they must be classified as dismal failures. The only apparent price/cost impact appears to be one of depressing the ticket prices of nearby competing private commercial ski areas.

3. The capital investment required to create one of these areas appears to be in the several million dollar bracket. This writer believes the capital investment of any one of these five "public" areas would provide the funds to build one cable type ski lift at a municipal recreation area in every incorporated village in the State of Vermont. If the proponents of public ski areas truly are seeking low cost skiing for local Vermonters, the municipal ski areas hold the greatest promise.

4. Massachusetts has increased promotion efforts on behalf of the ski areas. In addition to the promotion-advertising efforts as a new member of the vacation travel development for the New England Council, the State Commerce and Development Department has pledged extensive support to aid the Massachusetts ski areas. (See Exhibit 10, pg. 76)

D. Vermont may have reached a new plateau in terms of dominating the Northeast ski market. Although Vermont shows steady growth indications, the other Northeastern competing market sub-regions

have built 7 to 8 new ski areas for every new ski area built in Vermont, from 1964 to 1970. Also, four to five new cable lifts have been erected by Vermont's competitors for every new Vermont cable ski lift erected, during 1964 to 1970.
In order to appreciate the significance of these two relative factors, one must remember three important characteristics of the "Northeast Skier": First - ski areas find that their skier-customers fall into one of three categories:
(See Definition)

1. Vacation skiers

2. Weekend/holiday skiers

3. Day skiers

As of 1964, the federal Skier Market Research Survey showed the greatest demand was for weekend and holiday ski facilities. From all indications, the approx. 62 new ski areas built in sub-regions surrounding Vermont are designed to cater to the day skier and the weekend/holiday skier. As less than 5% of the skier market resides within Vermont, the impact of increased competition for the out-of-state skier could be disastrous in terms of Vermont dependency upon the weekend/holiday skier.
Further competitive impact can be predicted as the technology and application of "snow farming" increases. Already, 14 of the 22 Vermont major ski areas (Cat. #0, 1 & 2) have been forced to add extensive snow making equipment to their respective areas. However, the vast majority of competing ski areas throughout the Northeast market region now have snow makers, also. Thus, these areas can insure their skier customers of the "availability of skiing" (80% of the skiers interviewed in the 1964 federal survey reported "...skiing available" as the most important consideration when choosing an area to ski.
Some of the activity in neighboring New Hampshire would indicate that whatever competition Vermont ski areas have felt recently, two new outdoor recreation-vacation home complexes are about to seriously compound that effect. (See Exhibit 12, pg. 79)
Finally, transportation facilities and travel time must be kept in perspective. Experts point out that "day skiers" will seldom drive more than 1 to $1\frac{1}{2}$ hours (one way) in order to ski on a "per day" basis. This virtually eliminates the out-or-state "day skier" as a serious economic contributor to Vermont ski areas. A limit of approx. 150 miles (one way) is placed on weekend skier travel. Checking skier market #1 & #2, this 150 mile radius places Southern Vermont at the extreme end of the travel vector for either market. Add to this travel time factor, the New England array of super-highway travel facilities. Practically every competing ski area is usually both closer to the Eastern U.S. urban centers and are served by superhighways.
Vermont has yet to complete her one superhighway and much work needs to be done on her secondary highways, which serve the ski areas. For example, part of route #100 from Plymouth Union, heading North, is still a dirt-gravel road for approx. 5 miles - need more be said!

Vermont is not catering to skiers

Therefore, considering the overall market scene, it appears that the Vermont ski areas must orient themselves to greater concentration on the "vacation skier". In order to do this, one key element is woefully lacking in the Vermont scene - lack of overnight lodging and eating facilities close to or in the ski areas, per se. If statistics can be relied on, the 1970 Northeast skier market can be estimated to have been approx. 1,000,000 to 1,500,000 skiers. In 1964, Vermont captured approx. 25% of the skier days generated by approx. 500,000 skiers. The question remains - has Vermont declined in her market share (%) of the skier days generated in 1970?

XI. CONCLUSIONS:

First - based on the evidence and impressions found in this survey, it is this writer's opinion that most of the charges recently made against the Vermont ski areas in general, are answered in the findings of this survey and its tables and exhibits. Specifically:

A. "...native Vermonters were being priced out of skiing".
Fact: For the local Vermont resident, a wide range of opportunity existed for either extremely low cost skiing or free skiing in exchange for "volunteer service". Vermont youngsters had municipal ski areas or local rope tow areas available for costs, usually less than 50¢ per skier visit or there were no costs, in some cases. Added to this opportunity were several programs, usually connected with a local school or civic group, for very low cost or free mid-week skiing.

B. "...ski areas are destroying our mountain sides".
Fact: Vermont ski areas only occupy approx. 1% of the total land mass of Vermont. Of the 55,477 acres under private ownership, only approx. 20% has been developed to date.
More important, most ski areas' executive managements were very concerned about the natural resource utilization in Vermont. These same persons strongly endorsed the recent environmental legislation and current efforts to instigate pollution controls.

C. "...the state earns only $46,000 a year in leasing resort mountain land". (See Exhibit 13, pg. 80)
Fact: For the 1968-69 ski season, the Vermont ski areas reported lease payments of over $254,000. Also, payments of over $59,000 were made for federal leases. However, it appears no one challenged the gross inaccuracy of the $46,000 figure and one prominent Senator stated this figure stands as recorded testimony in the 1970 legislature's records.

D. "...the Development Department is spending too much on advertising for the ski resorts".

Fact: State economic interest and ski areas' success are directly, related. For example, consider some of the financial performance facts reported by the major Vermont ski areas.

1970 - $46 million in gross income generated by skier expenditures *

" - paid over $425,000 in new sales tax revenues

1969 - paid over $313,000 in state and federal lease payments

" - paid over $350,000 in local property taxes

" - paid over $650,000 in Vt. utility and telephone expenses

" - paid over $590,000 in interest to Vermont banks

" - paid over $580,000 to Vermont insurance and advertising agencies

" - paid over $1,500,000 to Vermont wholesalers and distributors for food products and merchandise for resale

" - paid over $2,000,000 to Vermont dealers for misc. operating and maintenance supplies.

" - approx. 4,000 employees shared ski area payrolls in excess of $6,750,000

In consideration of a 4.5 million dollar 1970 revenue generated by the meals and room tax, the restaurant and lodging business owed a great deal to the ski industry, per se. Furthermore, at least two million dollars in vacation home property taxes can probably be attributed directly to the ski industry. Half of the 40 million dollars annually spent in Vermont by vacation home owners should probably be credited as well, to the ski industry's impact.

Second - The greatest single challenge facing the major Vermont ski areas is to correct the tremendous imbalance in their annual period of operation. If the same number of employees could be put to work during the summer (and spring and fall, where feasible) that now are employed during the "winter only" season, the RURAL areas of Vermont would undergo an economic boom that hasn't been seen in the last 50 years. More important, with proper planning, technical and financial aid, many of the major ski areas could become the focal point for "new towns" throughout Vermont. With the relatively undeveloped state that now exists in many of these areas, water and sewage systems, plus environmental and ecological protection programs could be developed at a fraction of the cost of trying to correct the same problems found in our urbanized sections of Vermont. In the late 1950's, Vermont initiated a state sponsored development program designed to foster the sport of skiing into a significant economic activity.

* - Reported as skier related expenditures (e.g., food, lodging, lifts, etc.) 1970 - Economic Research Report #70-8, Vermont Development Dept.

Compared to neighboring state programs, the "Vermont plan" was both unique and successful. Now, this particular plan is being brought to its logical conclusion. (See Exhibit 11, pgs. 77 & 78). One recommendation would be to develop a new statewide financing program. At present, private lenders are reluctant to loan the large capital investment sums requested by the various ski areas. Where financing has been offered, the ski areas report interest rates of 12% and higher, with very short repayment periods. The state has the power to guarantee development loans and bond for development projects, as well.

As of 1968, 17 ski areas reported bank interest of over one million dollars. At a 10% interest rate, this indicates an outstanding debt of over ten million dollars.

It has been this scale of private capital investment, combined with public resources allocated to the ski areas, which enabled Vermont to become a giant in the Northeast ski industry.

However, the Vermont skier market appears to be narrowing to more catering to the "vacation skier". As the competing sub-regions continue to develop, the "weekend skier" will diminish in terms of frequenting Vermont ski areas. Now may be the time to establish a new state/ski industry program for the 1970's.

If the State of Vermont developed such a financing program and converted Vermont ski areas into true four season resorts by 1975, the present ski areas' payrolls of nearly seven million dollars would be at least doubled and probably tripled.

More important, additional long term employment would have been generated in RURAL Vermont.