

2023 Case Question

There are currently 14 operating ski resorts in Utah that served over 7.1 million skiers this past winter after a record snowfall year.ⁱ On average, these resorts provide approximately 1,800 skiable acres with Park City Mountain, the largest resort in the state, boasting more than 7,000 skiable acres.

The Extell Development Company recently announced plans to build and operate a new ski resort called Mayflower Mountain in Utah, the first to be developed in North America since 1981.ⁱⁱ The resort will be approximately 4,100 skiable acres in size and will be constructed on former military land located between Deer Valley and the Jordanelle Reservoir. The first lifts are expected to be operational by 2025.

While concerns about climate change continue to threaten the long-term sustainability of ski industryⁱⁱⁱ, the number of skier days in the state of Utah is projected to grow by approximately 5% per year over the next decade. To combat the declining trends in snowfall, Mayflower plans to source water for snowmaking from the Jordanelle Reservoir. An estimated 80% of the water used in snowmaking will return to reservoir.

Assuming Mayflower Mountain is equally successful at attracting skiers as other resorts in Utah, how many skiers can the new resort expect to serve by 2035?

2023 Case Question Solution

Facts:

- The state of Utah currently has 14 operating resorts with an average size of 1,800 acres.
- Mayflower Mountain would add an additional 4,100 acres.
- The state of Utah had a record number of skiers this past year at 7.1 million skier-days
- Mayflower plans to open by 2024-2025.

Distracting Facts:

- Park City Mountain is the largest resort boasting over 7,000 skiable acres.
- An estimated 80% of the water from snowmaking will return to the Jordanelle Reservoir

Key Assumption

- The number of skiable acres is strongly correlated with the number of skiers such that the relative size of the resort roughly equivalent to the resort's market share in terms of skiers

Calculations:

- The state of Utah currently provides 25,200 skiable acres ($14 * 1,800$).
- The expected market share for Mayflower in terms of acres is 14% ($4,100 / 29,300$).
- The expected number of skiers in Utah in 2035 is expected to grow to 11.6 million ($7.1 * 1.05^{10}$).

Final Answer

- Therefore, the expected number of skiers Mayflower Mountain could expect to serve by 2035 would be 1.6 million (14% of 11.6 million)

ⁱ <https://ksltv.com/555831/utahs-ski-resorts-report-record-breaking-season/>

ⁱⁱ <https://www.gohebertvalley.com/Mayflower-Resort/>

ⁱⁱⁱ <https://www.deseret.com/utah/2021/12/9/22820603/what-will-ski-industry-look-like-50-years-study-paints-bleak-forecast-for-west-snow-climate-change>

