

# INNOVATION IN MARKET: A CASE STUDY OF WAN LONG SKI RESORT

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**Abstract:** This paper addresses marketing aspect in Wan Long Ski Resort. Still now no researcher has ever written any thing on the nature of ski resort in China, so in this paper our effort is to integrate the Four P's analysis of its own company to get a good idea of where it currently stands and show that the nature of ski business is development oriented and it needs to do a market scan to see how their current condition measures up to the demand. finally, after comparing its current status with the results from the market research, Wan Long should decide what to change and how to implement those changes.

**Key words:** Customer relationship, Ski industry, Blue Ocean strategy

## 1. INTRODUCTION

Skiing in China: An Uphill Climb(Hu Bin, 2006) says, as the Chinese become wealthier, more and more people are striving to become Western. The growing number of rich Chinese are constantly looking to expand the range of their leisure activities by spending more time and money than ever before on luxurious activities, entertainment, and physical exercise(Tour Beijing. 28 May 2008). They do this in hopes of projecting their success and image. Currently, the fashionable elite in China have made skiing as their newest hobby. Nothing says you made it like showing your friends and colleagues that you can ski the moguls down double black diamond(Liu Li,2008). This gives off the idea that one is active and healthy, which promotes the notion that he is Western, chic, and successful. Still now no researcher in both product, price, place and promotion has ever written any thing on the nature of ski resort in China.

Ever since its entrance into the market, Wan Long Ski Resort has been able to differentiate itself from its competitors. In recent years, it has become the market leader by providing value innovation and exceeding customer expectations. However, with the rapid changing market, Wan Long needs to constantly evaluate its strategies and determine what steps to take to maintain its dominant position. This report will 1) examine the growing ski industry in China and how Wan Long was able to capture it, 2) analyze Wan Long's current status regarding its product, price, place, and promotion, and 3) provide recommendations based on market demands on how to sustain its current success.

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\* Received 3 August 2008; accepted 1 September 2008

## 2. SKIING IN CHINA

In the 1990s, skiing was a very exclusive sport, attracting only professionals and fanatics. However, triggered by the 1996 Winter Asia Games in Harbin and the economic boom that has brought an increased spending on leisure and entertainment, the sport of skiing has gradually transformed itself into a trendy hobby. It has grown at an exponential rate. With only 300,000 people hitting the slopes in 2000, that number has grown ten times to 3 million skiers in 2005. Today, skiers are viewed as fashionable and liuxing, becoming more Western and internationally cultured than the average Chinese yuppie.

In the past, the only ski resorts were in Northern provinces such as Heilongjiang, where there is abundant snowfall. However, in recent years, as demand for skiing increased, entrepreneurs in the industry built ski resorts close to the large, urban cities in hopes of capturing a large, untapped market. By 2003, there were already over ten ski resorts around Beijing. However, due to the proximity to Beijing, none of the ski resorts were actual “resorts”, in the sense of a vacation spot where one can take the family to lounge and “get away”. They were all viewed as ski “areas” because of the same problem; they were small and shoddy.

The industry at the time was at its growth stage. There was a rapid climb in demand, due to the early adopters of the skiing trend. It was a perfect time for a new firm to enter the market. There was a need for a new and improved ski resort that not only promoted quality and value, but also gave off an atmosphere of a true vacation spot where guests would feel relaxed when they were there and invigorated when they left.

## 3. WAN LONG SKI RESORT

In 2003, Wan Long built a ski resort in the ChongLi County of Hebei province. Located 250km north of the capital, it needed to differentiate itself from the other Beijing ski areas. Primarily, it wanted to distinguish itself based on size. While other ski areas in the city offered, at most, only a handful of runs and slopes, Wan Long planned to construct a massive resort consisting of numerous slopes that would give skiers the flexibility and freedom of choosing which path to ski down the mountain. Another major feature that Wan Long wanted to provide was the atmosphere of a true getaway destination. While other ski areas failed to make lasting impressions on its visitors, Wan Long really wanted to cater to the market needs and establish high customer retention. It wanted to establish a culture and atmosphere that is both relaxing and stimulating at the same time, where customers would feel satisfied and pleased with the quality and service.

When it opened, Wan Long offered guests a special promotion for the first two weeks when everyone could ski for free. This marketing strategy succeeded in attracting over 10,000 visitors during that time span (Wu). Its guests left with a lasting sense of the “Wan Long experience”, which stressed quality and excellence in its slopes, facilities, and service. After a few months, there was a new buzz around Beijing about Wan Long, the new and classy vacation spot. It was said that Wan Long was not only a ski resort, but a true dujiacun (a top-grade holiday resort). It successfully captured the heart share of the early adopters, and, as a result, relied on word of mouth marketing to attract new customers. Soon after, it was a well known fact that Wan Long was the best ski resort in Beijing.

A major contribution to Wan Long’s success was the idea to take on the Blue Ocean strategy, which made competition with other resorts irrelevant, and more importantly, created demand rather than fighting over it. It was able to explore the “blue ocean” and attract new market segments that other ski areas failed to capture. In other words, Wan Long discovered and gained the deep, unexploited market space that other ski areas did not even think of. Businessmen who had never skied before started taking

clients out for the Wan Long experience. Rich, young couples, seeking a weekend getaway, would book their weekends at Wan Long because of the invigorating atmosphere.

After five years, the Wan Long name is still recognized for its quality and value. Last year, Wan Long reached 3,000 customers a day and generated 1.6 million RMB of total revenue (Wu). However, Wan Long is still striving to become better. It is constantly looking to implement innovative strategies that will help to preserve its position at number one.

To do this, Wan needs to conduct a Four P's analysis of its own company to get a good idea of where it currently stands. Then it needs to do a market scan to see how their current condition measures up to the demand. And finally, after comparing its current status with the results from the market research, Wan Long should decide what to change and how to implement those changes.

## 4. P'S ANALYSIS

### 4.1 Product

The foremost, basic product of Wan Long is the experience of skiing and snowboarding. Although this fundamental experience is the same anywhere, there is a huge variation in quality. The foremost aspect that differentiates Wan Long from the other resorts is its vast size. While ski areas closer to Beijing only offer a handful of slopes and trails, Wan Long covers an immense 47 million square meters and consists of 18 different trails with difficulty levels ranging from beginner to expert. This gives skiers a large array of options when choosing which trail to ski and explore. One other important feature that differentiates Wan Long is that it offers natural snow because of its prime location, 250 km north of the capital. This gives Wan Long a competitive advantage since Beijing ski areas have to result to primarily using artificial snow. To complement this, Wan Long is elevated 2200 meters above sea level, while the ski areas in Beijing only stand at a mere 800 meters above sea level, receiving much less cold air and natural snow .

Other primary products that Wan Long offers are its rental equipment and expertise of its instructors. While the equipment, which includes skis, boards, and boots, do not really differentiate from other resorts, its instructors are more skilled than average. For two weeks out of every year, Wan Long invites professional instructors to come from the Aspen Ski School in Colorado, U.S.A. to teach its guests and train its own instructors. Because skiing originated in the West, it comforts the Chinese guests when they receive instructions and assistance from a Caucasian-looking instructor.

Other than skiing, Wan Long also offers accommodations at the Shuang Long Hotel, which mirrors the ski resort's quality and service. Although much more expensive than the local accommodations, its four-star rooms attract many visitors on both leisure and business.

### 4.2 Price

Wan Long's pricing approach is strategic and forward-looking. It set its prices well above all the ski areas near Beijing to distinguish itself as a high-end, "lavish" ski resort. Capitalizing on the Chinese infatuation toward luxury goods, Wan Long became the Louis Vuitton of Chinese ski resorts.

The three major Beijing ski resorts (Nan Shan, Jun Du Shan, and Shi Jing Long) have an average lift ticket price of 180RMB for an average weekday. Wan Long's price is more than two times the amount. What is interesting, however, is that Nan Shan and Jing Du Shan increase their prices a whopping 56% and 78% on the weekends and holidays, respectively, while Wan Long only increases its prices 10% and 21%, for the same periods ("Ski" 1). The following table shows in further detail how Wan Long's prices compare to the prices of the three major Beijing area ski resorts. (All prices are in RMB).

**Table 1. Comparison of the Prices**

	Weekdays	Weekends	Holidays
Wan Long	390	430	470
Nan Shan	180	280	320
Jun Du Shan	180	280	320
Shi Jing Long	180	200	240

Prices are roughly the same for all resorts for rentals and instructor fees, at 150RMB per day and 150RMB per hour, respectively.

Wan Long also generates revenue from its overnight guests who stay at the Shuang Long hotel. The rates for the four star rooms are quite expensive compared to the prices of local zhaodaishuo's (local guesthouses), but most guests are willing to pay for the quality and service. The following is a detailed table of the nightly room rates at the Shuang Long hotel.

**Table 2. Prices in Shuang Long hotel**

Room Type	Price (in RMB)	
	Regular	Holiday
Golden Dragon Suite	1768	2288
Silver Dragon Suite	1198	1458
Jade Dragon Suite	998	1248
Standard Suite	768	1008

### 4.3 Place

Wan Long's distribution channels are the ski resort itself and the internet. While the internet in China is a great way to relay information and advertise, it is still not at the stages where most people can comfortably make purchases. Therefore, most of the distribution takes place at the ticket office in Wan Long's main lobby.

The segment of the market that Wan Long targets is relatively high. Since skiing is quite a new trend in China, most recreational skiers are either professional high-level executives/officials or the new Chinese yuppies. Both groups are very image-conscious. Therefore, when targeting these two segments, Wan Long promotes to this satisfy this desire of projection. It has become the new place to build up guanxi; instead of taking clients out to dinner, many businessman are now treating clients to a trip to Wan Long.

Wan Long is also starting to attract a younger segment of the market, consisting of children and teenagers. From a survey of 42 students at Beijing #7 High School, it shows that more than half of the respondents have skied or snowboarded before. This reinforces the strategy to target the younger generation because they are the influencers in today's society where they, the "Little Emperors", are on top of the 4-2-1 family structure.

#### 4.4 Promotion

Wan Long, like other ski resorts, does not mass advertise. When it first entered the market, Wan Long gave its guests a two-week promotional period to ski for free. It relied on the value of the experience, the quality of the facilities, and excellence of the service to capture the heart share of its customers. It has built up a reputation and brand name that is superior to the other ski resorts. As a result, Wan Long can rely on word-of-mouth marketing to attract the majority of its new customers. However, it constantly needs to work at maintaining its quality and brand name.

The current Wan Long brand is synonymous with *jiazhi* (value) and *shishang* (trendiness). Wan Long worked hard, by providing quality slopes, facilities, and service to get its brand to its current level.

To maintain its excellent reputation, Wan Long needs to constantly innovate to meet the market demands. However, knowing what the market wants is easier said than done. Quality, primary data that truly show what people want requires a tremendous amount of effort and resources. Nevertheless, market research is absolutely necessary for any company that wants to stay ahead of the market and insure long-term growth and success.

### 5. RECOMMENDATIONS

By implementing the following improvements, Wan Long has the potential of reaching the next level and becoming an exceptional ski resort. Some improvements are easy to make, while others are more difficult. All in all, the results from the primary research show that this is what the market wants.

**Table 3. Recommendations for Wan Long Ski Resort**

Recommendations	Market Feedback from Primary Research	Difficulty of Change	Existing Ski Resorts
Après Skiing	81% of respondents consider it to be important	Easy	Aspen, Colorado
Faster Ski Lifts	63% of respondents consider it to be important; many complaints from customers	Medium	Soldeu, Andorra
Snowboard Park	48% of respondents consider it to be important; growing demand from youth and teenagers	Medium	Nanshan, China
Better Access	Interviewee's primary concern	Hard	Tremblant, Canada

#### 5.1 Après Skiing

Après skiing, which means, "after skiing" in French, is this idea of mingling and socializing after skiing. It originated in the French Alps, where skiers often stop at bars on their last run of the day while still wearing all their ski gear.

For Wan Long to implement this aspect, it needs to influence the local businesses to establish some fun venues for the guests after a long day of skiing. It should not be hard to persuade local businesses to do this since it will generate a boost in the local economy.

The current top rated après ski resort is Aspen, Colorado, where there are many festive activities every evening. Skiers have the option of watching concerts under the crystal chandeliers of the Wheeler

Opera House, fine dining at the fabulous restaurants, or just socializing over drinks at the festive bars.

## **5.2 Faster Ski Lifts**

Ski lifts and cable cars are a small but important part of any ski resort. On one hand, they need to be slow and secure enough to ensure safety, they cannot be so slow that skiers get bored and feel as if they are wasting time.

Wan Long can improve this aspect by upgrading its lifts to suitable speeds. Also, it should expand its current variety to include more types of lifts, such as gondola lifts and overhead cable cars, which are much more comfortable when traveling up to the highest mountain peaks. While it is an expensive investment, the benefits outweigh the costs in the long-run because customers will be more satisfied.

Currently, Soldeu ski resort in Andorra has one of the most advanced lift systems in the world. In total, it consists of 64 ski lifts—1 funitel (twin cable car), 3 cable cars, 14 detachable high-speed chair lifts, 16 fixe grip chair lifts, 16 ski lifts, 9 overhead cable lifts and 5 magic carpets—with a combined transport capacity of the 99,600 skiers per hour (“Soldeu” 1).

## **5.3 Snowboard Park**

Because skiing is still a new sport in China, the demand for snowboarding is still low. However, as the sport matures with more of the younger generation entering the market, the amount of snowboarders will grow rapidly. In the U.S. almost a third of the ski resort visits were from snowboarders last season.

Although Wan Long claims it already has a “Nokia Wanlong Mellow Park” that is directly geared for snowboarders, the park is nowhere near what it should be. Wan Long should definitely consider adding more jumps, rails, and half pipes to attract more snowboarders. It will be beneficial for Wan Long to implement this since more and more skiers “switch” over every season.

Nanshan, a fellow Beijing ski resort, is very well known for its snowboard park. With multiple ramps and huge jumps, it is rated China’s best snowboard park. In addition, every year Red Bull energy drink hosts the “Red Bull Nanshan Open”, which attracts international superstars of the snowboarding world, such as Shaun White and Jamie Anderson.

## **5.4 Better Access**

Currently, a major drawback of Wan Long is that it is a four-hour drive from Beijing, where 80% of its customers are from. The journey from Beijing is very slow and sluggish since there is no direct highway to Wan Long. The route requires visitors have to take many country roads. The local governments have planned to improve the surrounding infrastructure by building a highway that links Wan Long to Beijing, but it is hard to know when that will become a reality.

Although it seems that this is out of Wan Long’s control, the management can work to improve this. Wan Long should do its best to persuade and influence the government to speed up the process and construction of the highway. Having a direct route to Beijing will increase the amount of guests and visitors tremendously.

Although most ski resorts are in remote mountains far from urban cities, there are some that do not face this problem. For example, Tremblant ski resort, the #1 Ski Resort in Eastern North America, is only a 90-minute drive from Montreal. In addition, Tremblant Airport was recently built to improve the convenience of visitors.

## **6. CONCLUSION**

After conducting an extensive analysis, it can be seen that Wan Long a great foundation—one that stresses quality and service—to build on. From the market research, it can be concluded that although many people consider Wan Long to be the best ski resort in China, there is still room for improvement. Wan Long should consider these implementations in order to insure continuing success.

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