

Blue mountain resorts essay



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1. Problem definition Blue Mountain Resorts were first built in 1941, and it is the largest family-operated ski resort in Canada. The major problem in this case is that the CEO of the Blue Mountain Resorts has to decide whether to install facilities or not for the night skiing in 1979-1980 winter skiing season. Maintaining comfortable capacity at ski resort is very important in this field of market. The capacity depends on the hill size, hill development, and lift facilities.

Therefore, to provide the night skiing service, investing in hills and lifts are important factors. So, if the CEO decides to install the night skiing facilities, he needs to decide the price of the single-night lift ticket and season passes so that he could calculate the profits. For given surveyed questions, he also has to decide to which extent of the forecasted data in survey will be realized since people often inaccurately optimize their behaviour for the future. The management wants to offer the skiers the highest quality and best value for their money, so the CEO also wants to provide better facilities than the competitors by lighting the entire slope so that the company could offer longest run, highest vertical and best snow conditions for night skiing in Southern Ontario.

2. Alternatives

The company could either invest in facilities for night skiing or not. There are some considerations to undertake the project in the resort, and at least one of the conditions should be met. The conditions are; the new project offers new opportunities, helps to attain off-season use of facilities, expands primary earning power, and protects current earning power and minimizes

risks. Investing in facilities in night skiing met this conditions because facilitates used in night time can be even used when off-season by holding other recreational events or social activities at night. Once the facilities are constructed, the maintenance and operating fee will be quite fixed throughout the season.

Around \$135, 500 on one area is estimated to be needed to install the required facilities for night skiing. Among 2 intermediate levels, one advanced, and one beginner and intermediate level, one should be chosen. I suggest the intermediate level to be opened since the night ski uses would mostly intermediate-high level users rather than beginners, and advanced level at night would be somehow dangerous. The operating cost would be \$1000 per night, adding seasonal allocation of \$20, 000 fixed cost, \$7. 75 liability insurance per 1000 skiers, and \$5000 for promotional cost.

Therefore, the cost of operating night skiing is, $\$1000 \times 120 \text{ days} + \$20,000 + \$5000 + \$7.75 \times 30 = \$145,232.50$ per year. $\$135,000 + \$145,232.50 = \$280,232.50$. The frequency of night skiing in cross tabulation of pass holder status was mostly 1-10 times per year. They will come for two or more days. The profit calculation will be approximately $2 \text{ days} \times 5 \text{ times} \times \$5.50 = \$55.00$ per people for a year. $30,000 \text{ people} \times 30\% \times \$55 = \$495,000$ per year. This profit exceeds the cost, so the company should invest in facilitating the night skiing. The next step is to decide the type of the season pass and the ticket price. It could offer the special night skiing season pass or combine it with the original day time season pass. For example, three types of the passes which are; day pass, night pass, or combined pass. On the night skiing survey, fair price showed to be \$5 for midweek nights and \$6 for weekend

nights. Most people anticipated their skiing days a year to 1-5 or more than 20. Also, the price of the lift should be lower than the day time's ticket.

3. Critical issues

In the survey, the 18-34 age range showed the most of the customers for the resort and 60% was male. Majority of skiers came from Toronto or near Toronto. Single person was more than 60% and 82% did not have the season's pass. Therefore, the target for the night skiing should be 18-34 age male, single person living GTA. However, pass holder was much more interested in night skiing than non-pass holders.

Which means the pass holders who are interested in night skiing would be less than 18% of total skiers, and the demand is not high enough. For the night skiing questions on overall survey, only 30% of people said they will or might use the night skiing facilities, and 70% said they will or might not use them. Among the users, they will use it only one or two times a year. This means few people are interested in night ski, so the resort should provide more attractions such as lower price or more promotions on night skiing to attract more customers. Furthermore, the survey was biased and provided insufficient, unvaried information.

The overall skier survey was distributed in proportion to the number of skiers using the facilities, which means more sample of people were collected during weekends than the week, and more January and February than November and December. This strategy the resort used might be helpful to select more representative sample, but the company could fail to found the niche market or new strategies to attract more potential customers. Also, the <https://assignbuster.com/blue-mountain-resorts-essay/>

questionnaire done for night skiing was insufficient and lack of various unbiased information. It was distributed to only 200 people and done near the end of the season, so the skier profile might be different from overall night skiing survey. This inconsistent survey could mislead the results and confuses the company in understandings.

4. Conclusion

The Blue Mountain Resort should do the market research again in unbiased way and for more various people to obtain and collect more precise data. Moreover, if the resort wants to facilitate the night skiing, the price of the lift ticket should be cheaper and the season pass should be varied with lower price than the day time skiing to attract more people using night ski. Also, the promotions or night time events could be provided so that the targeted young male people have more intentions to come out at night and enjoy such as concerts or party held at night.

By holding these events, people who are living in GTA will also be more attracted to come to Blue Mountain Resort to enjoy their days. The estimated gross margins for night skiing showed the largest one is rental and repairs for 40%, following ski shop for 30% and food/beverage for 20%. The resort should operate these shops during night, too. Since the ticket price for night skiing will be lower, the prices for these shops should be remained same so that the profit could be made.