Big Mountain Resort Ticket Pricing

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Guided Capstone - Springboard

Understanding the problem

Context

Base Elevation : 4,464 ft
Summit: 6,817 ft
Vertical Drop: 2,353 ft
105 trails
11 lifts
2 T-bars
1 magic carpet
New Chair Lift Operating Cost:
$1.54 Million

Ticket Price: Average Market + Premium Charge

Objective

Provide recommendations for maximizing revenue:

- Is there room to increase the ticket price in the market segment?
- Can we cut operating costs without undermining the price?
- What investments provide support for price increases?

Recommendations and Findings

Current Pricing

- Increase current ticket to $85.48 with no facility changes.
    - + $7.84 million annually

Facilities changes

- Close two least popular runs
- Add a run that increases the vertical drop by 150 ft and an additional chair lift for the run
    - This is reduces the current number of runs by 1
- Increase the ticket price by $1.99
    - +$3.47 million annually

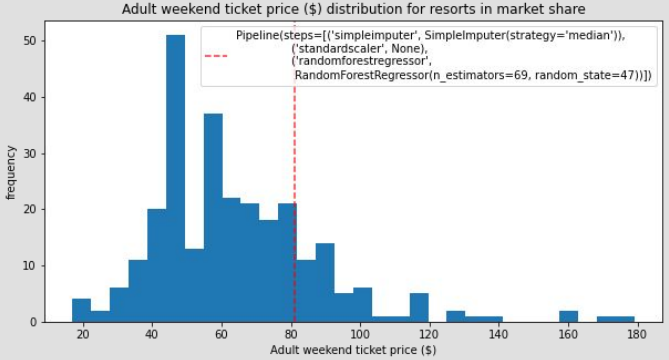
Analysis

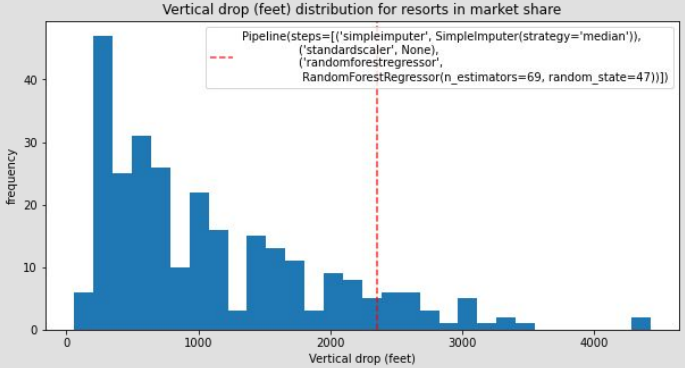
Current Facilities

Big Mountains facilities can support a price increase as is. The model predicted a price of $95.87 with an MAE of $10.39.

Limitations and Implications:

- The prices used to compare are unreliable and may be over or underpriced
- A conservative increase leads to an additional $7.84 million.



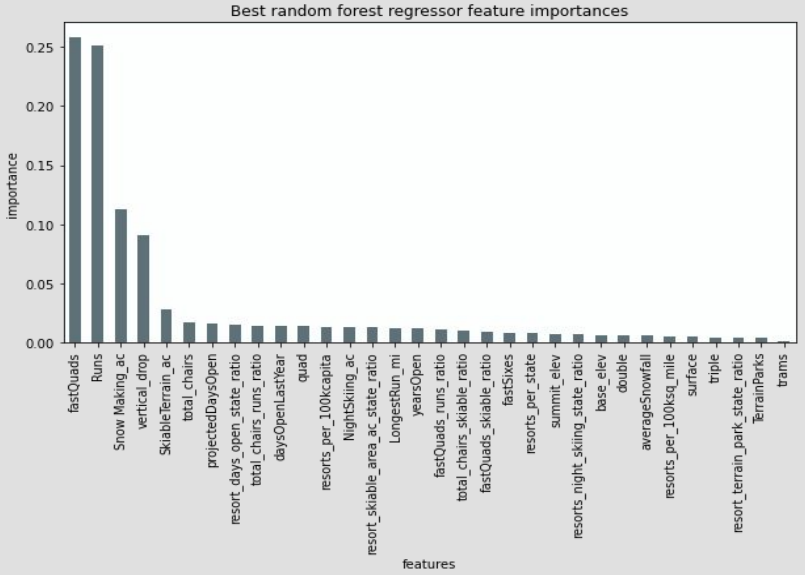


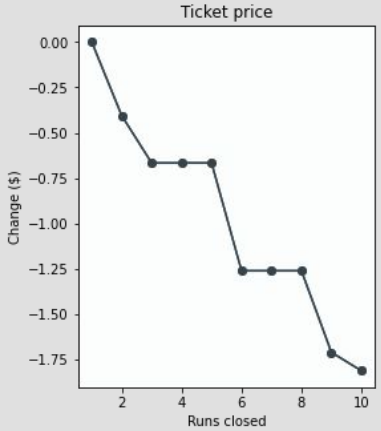
Analysis

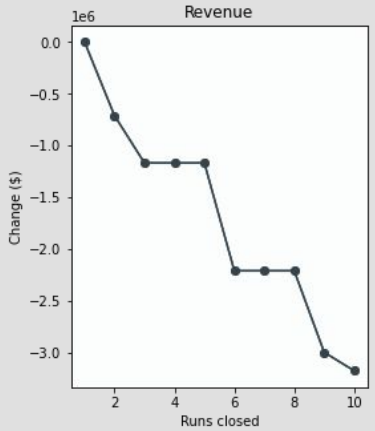
Facilities Changes

4 Scenarios

- Closing up to 10 least used runs
  - Can close 1 with no price change
- Increase Vertical drop by 150 ft, adding a run and a chair lift
  - Supports $1.99 ticket price increase
- Scenario 2 plus 2 acres of snow cover
  - No change from previous
- Increase longest run 0.2 miles and add 4 acres snow cover
  - No change







Summary

Increase Ticket Price	• $81.00 to $85.47 ticket conservative increase with max benefit • $7.84 million revenue increase annually
Close 1 Run	• Reducing runs by one has no effect on ticket price • Unknown savings in operating costs
Add run with 150ft additional vertical from current and chair lift	• Supports $1.99 ticket price increase • $3.47 million revenue increase annually • $1.54 million operating cost for chair lift, unknown cost for additional run
Close additional run	• With a new run we can close an older less popular run and maintain number of runs to support price and offset operating costs from investment