Source: tripadvisor.com

How can Big Mountain Resort increase its revenue?

What is the problem?

These are the facts of Big Mountain:

- 105 trails
- 350,000 visitors/year
- Recent investment of ~1.5M on a new lift
- Increased operational costs due to investment

The problem to solve:

Big Mountain Resort wants to increase their ticket's price, but they are already charging more than any other resort in Montana and higher than the average in their market share.

What does Big Mountain need?

To establish a business strategy on how to exploit better their facilities and be able to increase their ticket's price and eventually, their revenue.

Recommendations and key findings

Big Mountain is already above average in the market in most of their features.

What to do? Which one is best?

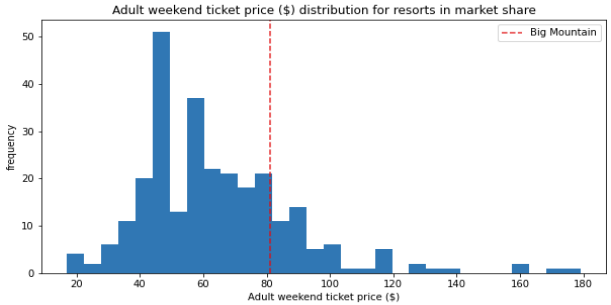
These are some features that can be exploited:

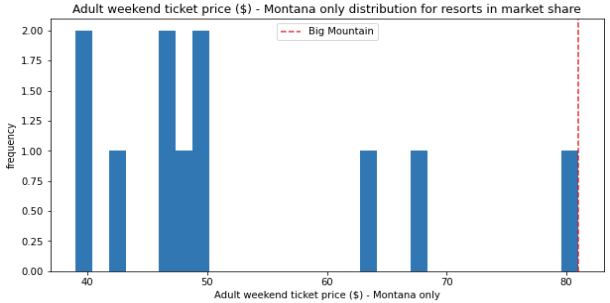
- Vertical drop
- Number of runs
- Snow making area
- Total number of chair lifts

The results of the analysis show that vertical drop is the key feature to exploit according to the proposed scenarios.

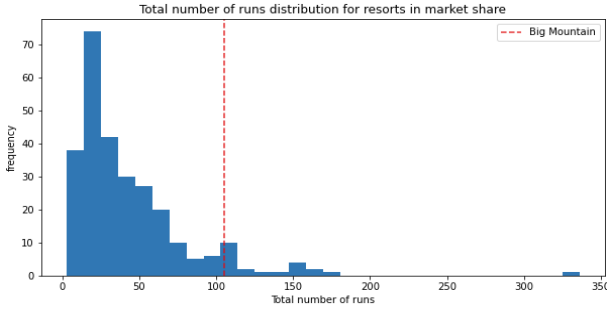
Analysis and Modeling results

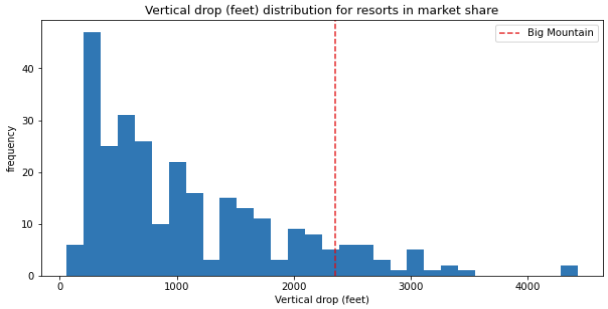
Big Mountain charges more than the average (left) in their market share and more than any other resort in Montana (right).

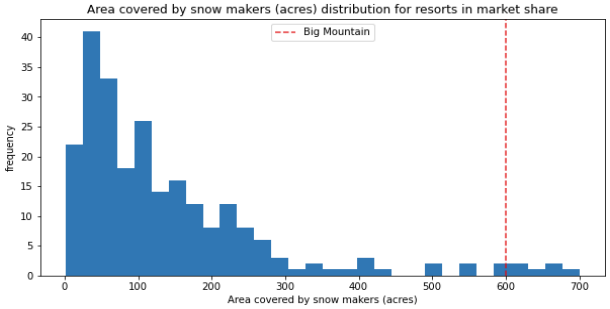




Big Mountain is at the top of the market in most of their exploitable features.





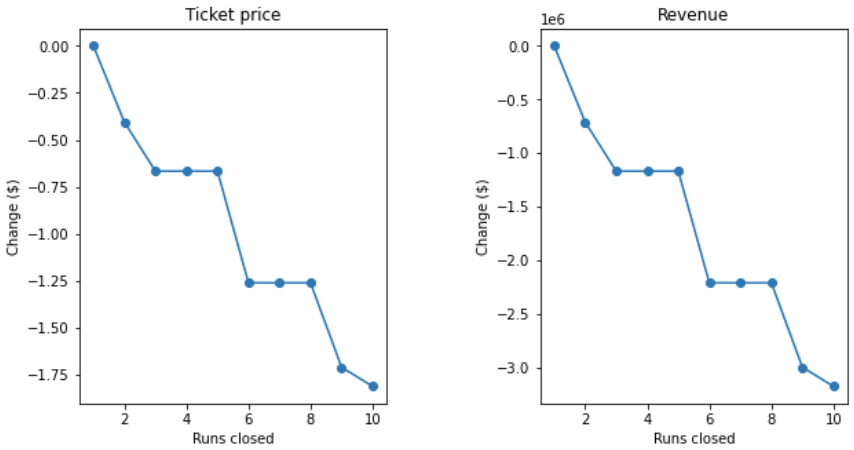


Arturo Bravo

Big Mountain Resort

Analysis and Modeling results

Scenario 1: Permanently close down up to 10 of the least used runs



Closing more than one run will have a negative effect on the ticket price and revenue.

Analysis and Modeling results

Scenario 2: Increase vertical drop by lowering the base by 150 ft. Add a new run at this point.

- Increase ticket price by **$1.99** per ticket
- Yearly revenue increase of **~$3.5M**

Scenario 3: Same as scenario 2 but adding 2 acres of snow making.

- Increase ticket price by **$1.99** per ticket
- Yearly revenue increase of **~$3.5M**

Results are same as scenario 2. The increase in snow making area is not significant.

Analysis and Modeling results

Scenario 4: Increase the longest run by 0.2 miles

- No increase in ticket price benefit

This feature was not relevant for the model

Summary and conclusions

The best scenario to implement is: ***To increase the vertical drop by lowering its base by 150 ft and adding a run and a chair lift at this point.***

Implications of scenario 2:

- Current ticket price: $81
- Potential ticket price: $95 (error ~$10.4)
- Suggested ticket price increase: $1.99
- Expected seasonal revenue after ticket price increase: ~$3.5M
- Increase in costs: ~$1.5M for additional chair lift

Additional recommendations:

Close the least used run to lower costs – no expected impact