

Guided Capstone Project Report

Using the data that was available to us in regards to ski resort ticket pricing across the country, we were able to put together a model to forecast the ticket price for Big Mountain Resort in Montana. Based on the ski features that Big Mountain has in comparison to the other resorts in the market we are able to recommend a price increase of \$14.87 to bring the price to \$95.87 per Adult Weekday ticket. This is on the higher end of ticket pricing in the market, but we have found the Big Mountain has many of the most sought after features in a ski resort, such as the availability of fast quads, a large area with snow making capabilities, a large number of chair lifts and an exciting vertical drop. We feel that having these features warrants that higher ticket price.

Adding another chair lift that would take skiers higher up the mountain and create an even larger vertical drop. This would allow us to increase the ticket price an additional \$8.61. If we also added 2 more acres of skiable terrain we could possibly raise that increase to \$9.90 per ticket. With an average visitor count of 350,000 people per season, these additions would bring in additional \$15,000,000 to \$17,300,000 in revenue annually. Without knowing the cost of upgrading and maintaining these features, it cannot be determined if we should proceed with these additions.

The model also suggests the option of closing some of the ski runs. While it shows that closing one run would not have any effect on ticket prices. Closing 2 or 3 runs would reduce support of the ticket price by just under \$0.75 per ticket. If we were to close 3 runs, it would have the same effect on pricing as closing 4 or 5 runs. More information is needed to determine if the reduction in maintenance and operational costs would support the price decrease.

There are a few unknown factors that could affect this model. Were missing approximately 16% of the Ticket price data from the resorts in the market. Also, since Big Mountain resort is located in Montana, we did not have ticket prices for the ski resorts in near-by Canada. These could have a large effect on our model. We should also consider looking at the pricing for Adult Weekend tickets and children tickets to see if there are any opportunities for an increase in revenue here.

With the data that is available to us, our models support a current price increase of \$14.87. Further research will need to be done to decide if other changes need to be made. The model shows the effect that these changes will have on our ticket pricing, but it is unknown if the costs or savings will make these changes viable. These models

will be made available to future analysts so that decisions can be made based on changing parameters.