Peak Pricing: Elevating Revenue at Big Mountain Resort

Nestled amidst the stunning vistas of Glacier National Park and the Flathead National Forest, Big Mountain Resort stands as a premier destination in the national landscape of ski resorts. Boasting an impressive array of 105 runs and a vertical drop of 2,555 feet, it has firmly established itself as a leader in the industry. Given its extensive amenities, there exists a strategic opportunity for Big Mountain to refine its pricing structure and implement cost-saving measures to optimize overall revenue.

Currently, Big Mountain Resort offers weekend adult tickets at a modest rate of $81 per ticket, which falls below its potential optimal pricing, resulting in significant revenue potential being unrealized. Through a thorough comparative analysis of ticket prices among resorts in Montana, it became evident that Big Mountain consistently positioned itself at the upper tier, however, upon conducting a comparative analysis with ski resorts across the nation, it became evident that there existed an opportunity for a ticket price increase at Big Mountain Resort. Subsequently, a deeper examination was conducted to identify the features that customers value most and are willing to pay a premium for (fig 1). This analysis revealed that factors such as the variety of runs, vertical drop, snowmaking acreage, and efficient chairlifts were key contributors to perceived value and justifying higher ticket prices, areas in which Big Mountain excels.

*Fig 1*

A graph with blue bars

Description automatically generated

Utilizing modeling techniques, a modeled ticket price of $95.87 was derived with an expected mean absolute error of $10.39, indicating a potential for price adjustment. Furthermore, to enhance revenue optimization, additional enhancements such as the inclusion of a new run, increasing the vertical drop by 150 feet, and installing an extra chairlift were identified. These improvements were projected to support a ticket price increase of $1.99, translating to a seasonal revenue boost of $3,474,638.

Moreover, our analysis suggests that Big Mountain Resort can strategically experiment with the closure of certain runs without significant adverse effects on revenue (see fig 3). Closure of one run was found to have a negligible impact, while closure of two runs resulted in a marginal decrease of approximately $0.50 per ticket. However, the closure of three to five runs led to more substantial revenue declines, with no discernible difference in price impact until the closure of six runs. Therefore, any considerations regarding run closures should carefully evaluate the cost-benefit implications of simultaneous closures.

*Fig 2*

A comparison of a graph

Description automatically generated with medium confidence

In conclusion, through strategic adjustments to pricing, enhancements to resort amenities, and prudent management of operational factors such as run closures, Big Mountain Resort can maximize its revenue potential while continuing to provide a world-class experience for its patrons.

Top of Form