

NOVEMBER 2021

Big Mountain Resort

Ticket Pricing Model Report



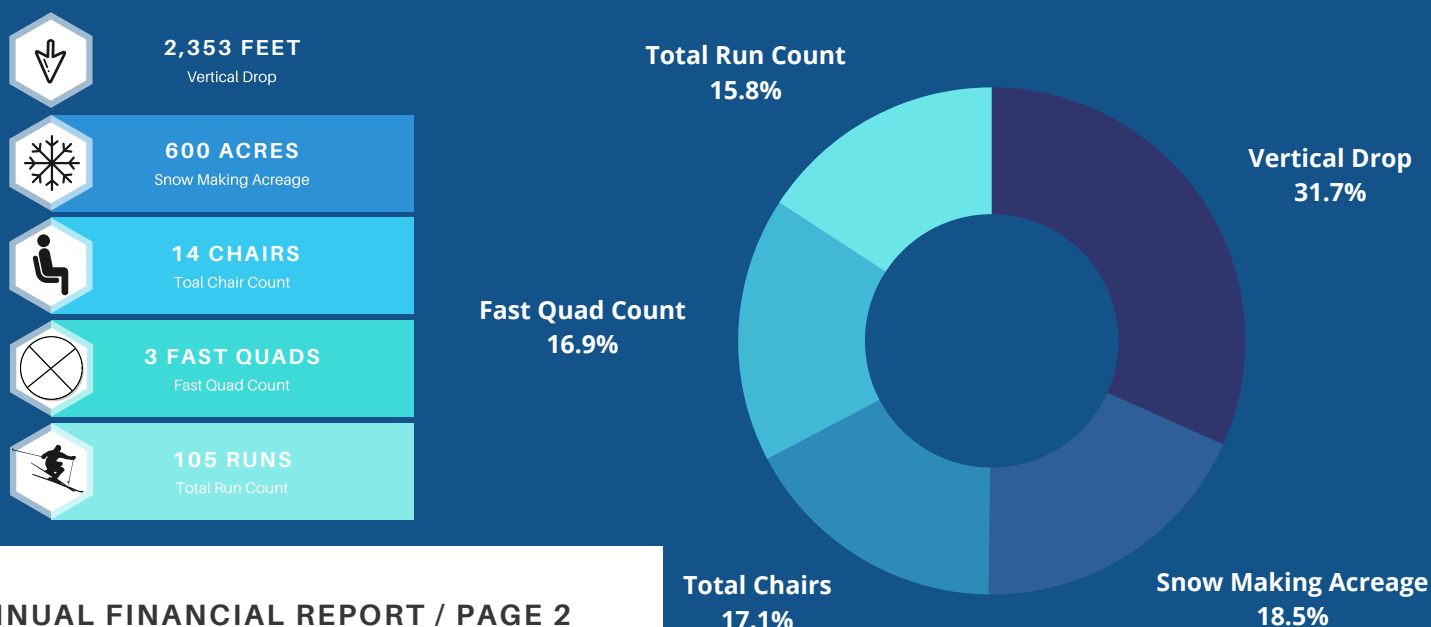
Problem Scope Definition

Big Mountain Resort recently added an additional chair lift, increasing operating costs by \$1.54 million this season. The business wants to implement a more efficient way to value their ticket price. They also want to consider other changes that can cut costs without cutting ticket value or that will support a higher ticket price.

How can Big Mountain Resort change their ticket valuation model to offset the \$1.54 million increase to their operating expenses with an equal or greater increase in projected ticket revenue before the end of the coming season?

Key Feature Findings

Using regression to analyze the features of resorts across the nation, our model identified that the key value-adding features that the market uses to support ticket prices are vertical drop (31% weight for modelled price), snow making acreage (18.5%), total chair count (17.1%), fast quad count (16.9%) and total run count (15.8%). Below you will find Big Mountain Resort's values for these features (left) and a donut chart to visualize the weight of each feature (right).



Ticket Price Improvement Plan

Big Mountain Resort's current ticket price is \$81.00. According to our model's estimate of the market value of our top features, the market supports a ticket price of \$95.87 with a mean absolute error or \$10.39. This means that, at a minimum, our features would support an increase of \$4.84. If we expect our 350,000 annual visitors to purchase five tickets each year, that would amount to an additional \$7.84 million in revenue. This would be more than enough to cover the added \$1.54 million in operating expenses of our new lift.

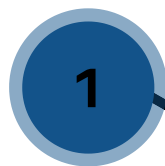
I also investigated four different scenarios in which we can adjust our resort's top features to increase ticket price. Two of the scenarios, related to snow making acreage and run length, yielded no modelled support for ticket price increase. The most promising scenario involved increasing vertical drop by 150 ft. by adding a low-elevation run and a new lift. This would support a \$1.99 increase in ticket prices, resulting in an additional \$3.75 million in revenue.

Below you will find my solution proposal plan. I recommend creating a dashboard for the finance department to obtain ticket price valuations for future cost-benefit analysis.

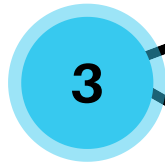
SOLUTION PROPOSAL

5-Step Solution Plan

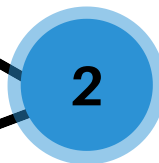
Increase ticket price to match market supported price



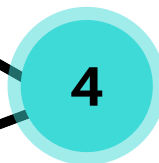
Dashboard will provide ticket value for new project cost-benefit analysis



Increase ticket price to match new market supported price, increasing revenue again



Develop dashboard with ticket price model, operating costs, & customer data



Use additional revenue to invest in vertical drop increase and new chair lift