



# **Big Mountain Resort**

## **Price Analysis**

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# Problem Statement

- Installation of additional chair lift increased operating costs by \$1.54mln per season
- The ski resort has to boost its revenue to remain profitable
- Analyze a number of changes that will either cut costs without undermining the ticket price or will support an higher ticket price.
- Current Ticket Price: \$81
- Average visitors per year: 350k





# Recommendation and key findings

Recommended ticket price:

**\$82.2**

Potential revenue increase:

**\$2'100'000**

Savings in operation costs:

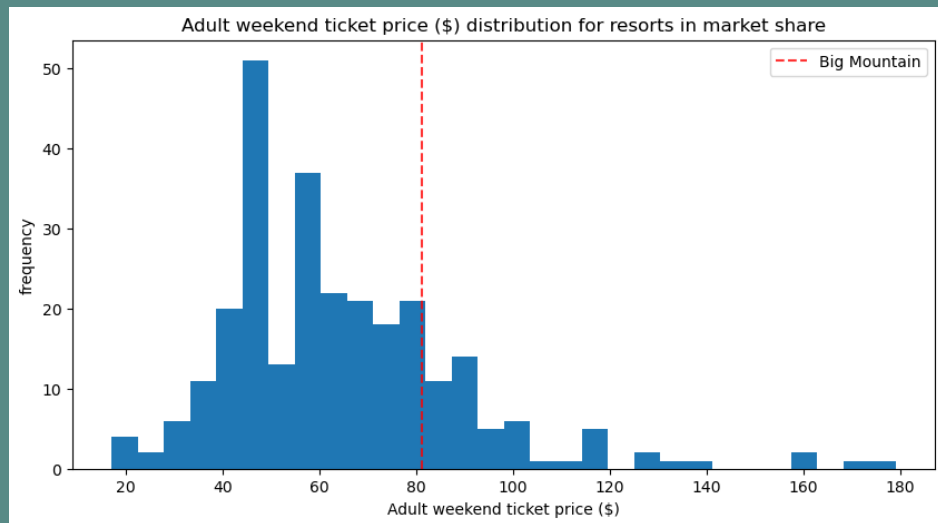
- close up to 5 runs

Additional recommendations:

- Increase the vertical drop by adding a run to a point 150 feet

# Modeling results and analysis

Weekend ticket price distribution  
among all States with Big Mountain  
Resort current price

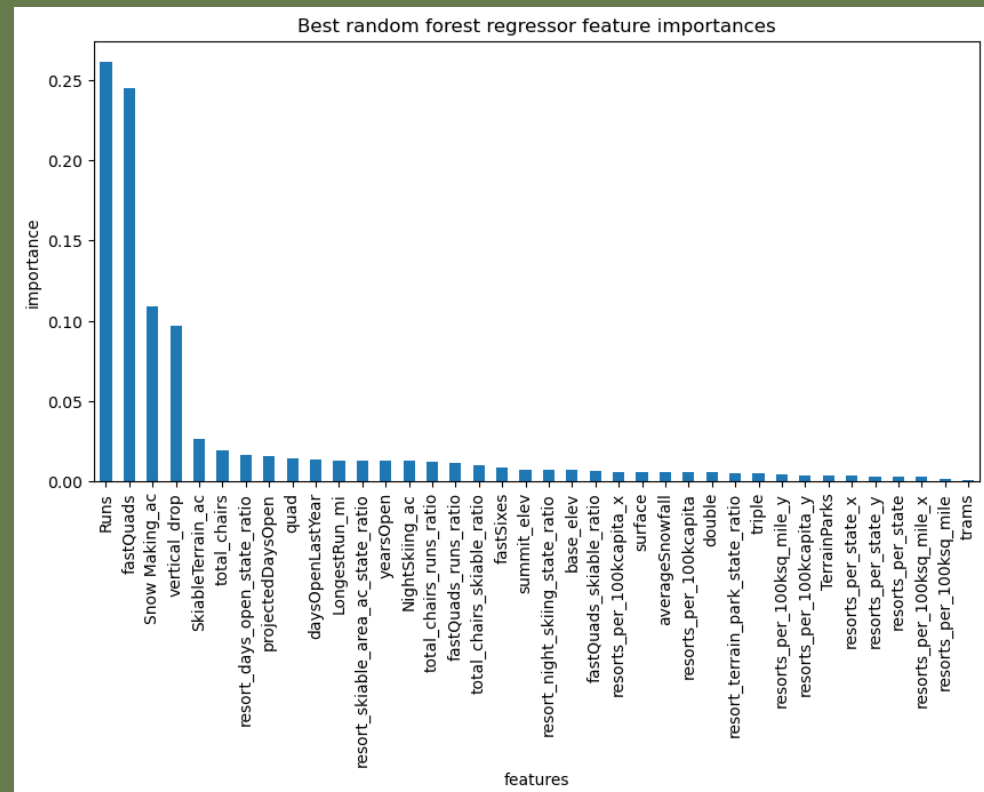




# Modeling results and analysis

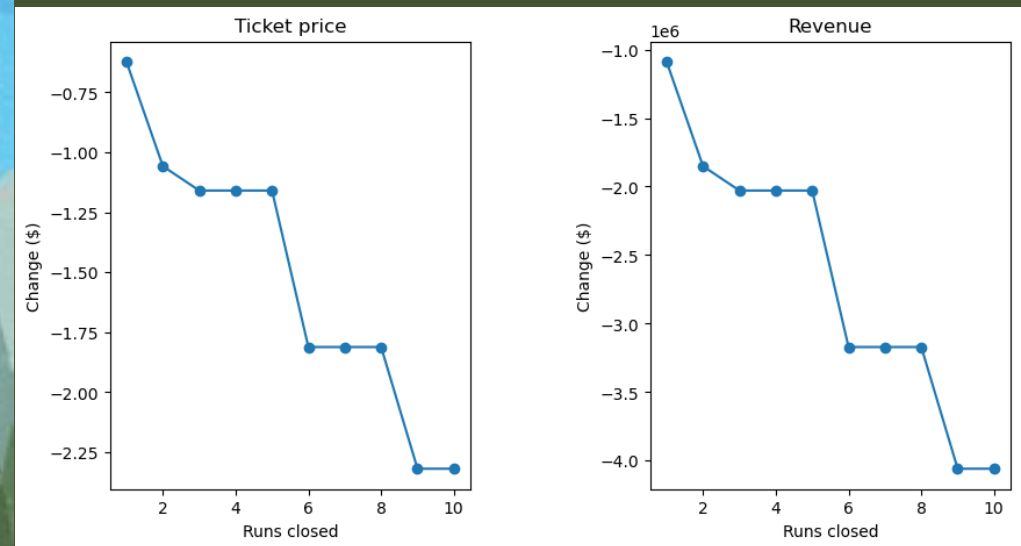
Main features for modeling:

- Vertical change in elevation
- Number of fast 4-person chairs
- Number of runs
- Total area covered by snow making machines



# Modeling results and analysis

Justification for operating costs reduction via runs closure



The model says closing one run makes no difference. Closing 2 and 3 successively reduces support for ticket price and so revenue. If Big Mountain closes down 3 runs, it seems they may as well close down 4 or 5 as there's no further loss in ticket price. Increasing the closures down to 6 or more leads to a large drop.

# Modeling results and analysis

One of the biggest limitations is missing information about operating costs of ski resorts across the country.

Plus we do not know if there are resorts that are 'overpriced' or 'underpriced', that also affects our model.

Missing information on weekday prices can also significantly change the outcome of our analysis



# Summary and conclusion

Proposed ticket price of **\$82.2** will bring additional revenue of **\$2'100'000**

Such increase would cover \$1'500'000 caused by installation of an additional lift chair

Such careful increase would avoid stressing out established customers

With all the features and potential for a price increase, Big Mountain is still the most expensive facility in Montana.

