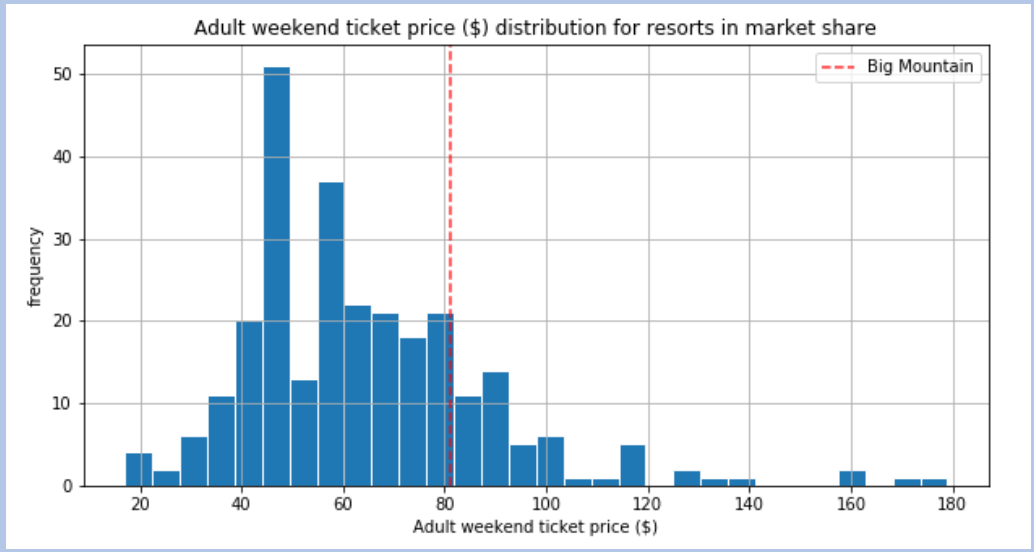
Big Mountain Resort Analysis

Problem Statement

Make recommendations to cover up the additional operating costs by $1,540,000 over the season. Come up with a pricing model for ski resort tickets and a model for future facility investment plans by next season.

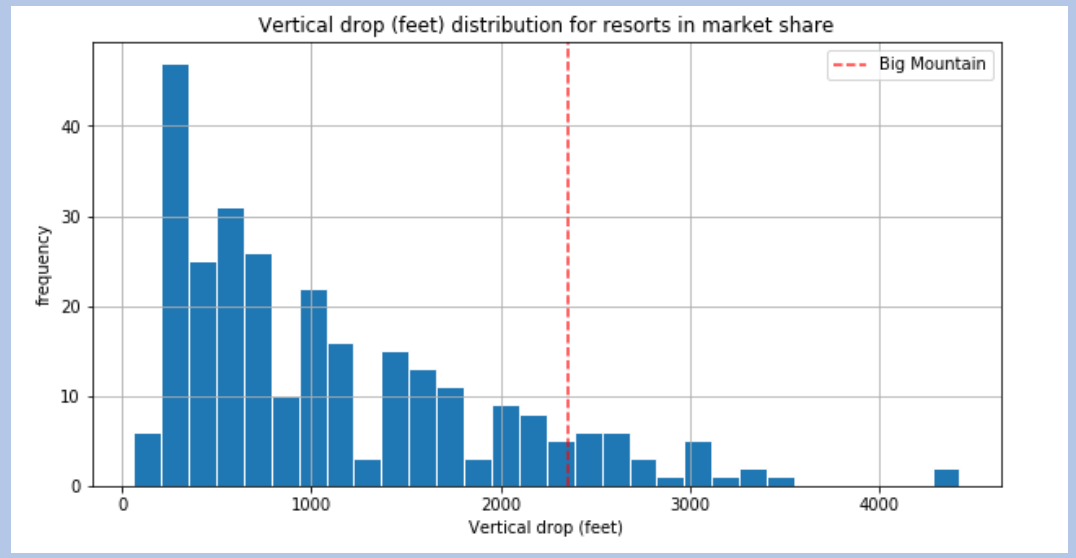
Although Big Mountain Resort's ticket price is on the higher end as the bar chart shows, our Model suggests that is lower than the predicted model by **$15**.



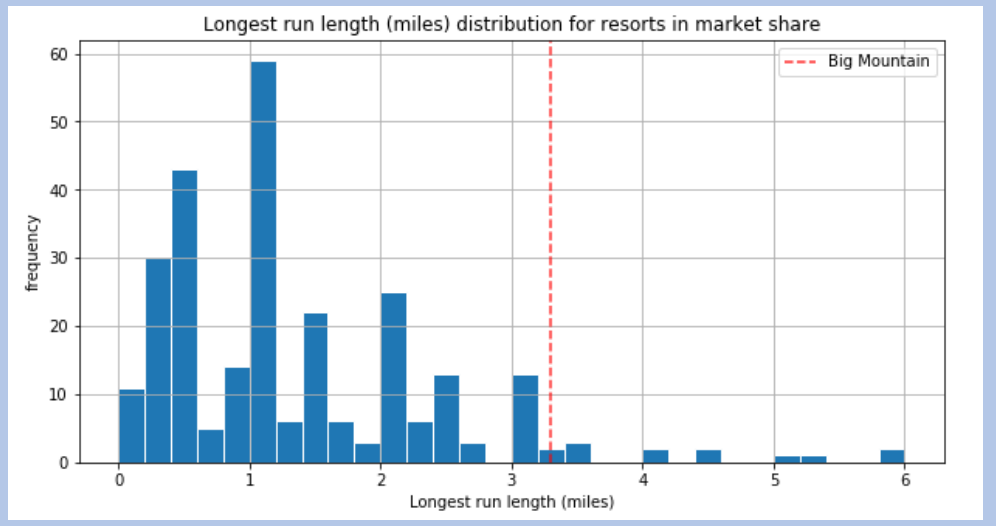
Recommendations

The resort have many potential scenarios for either cutting costs by closing runs or increasing ticket price reconfigure facilities.

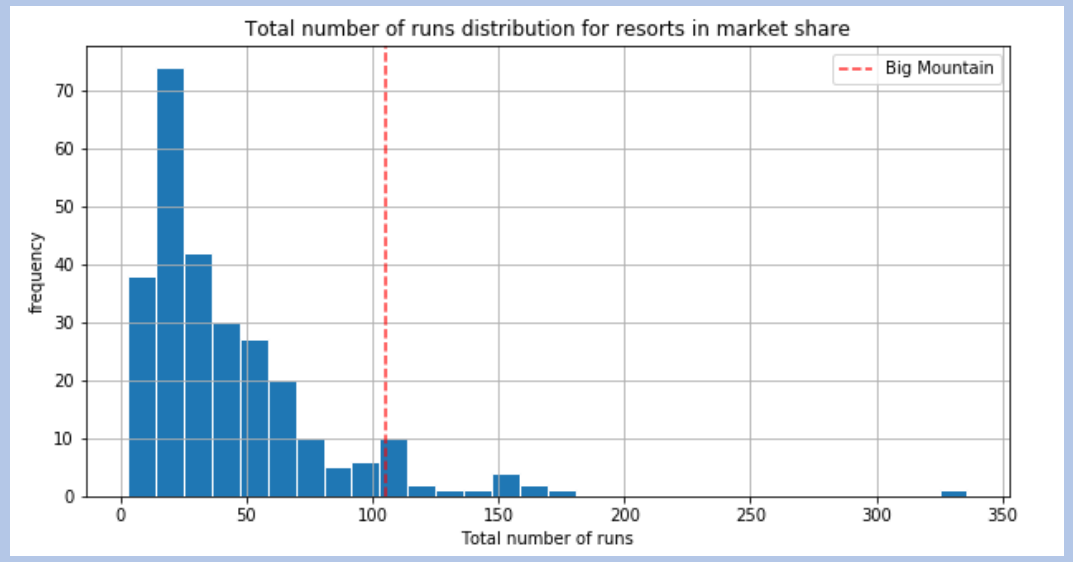
- The model shows closing 5 least used runs only decreases the ticket price by $0.65;
- Adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift, will increase the ticket price by $1.99. Over the season, this could be expected to amount to $3.47million.
- We recommend to increase the ticket price by at leaset $5 .



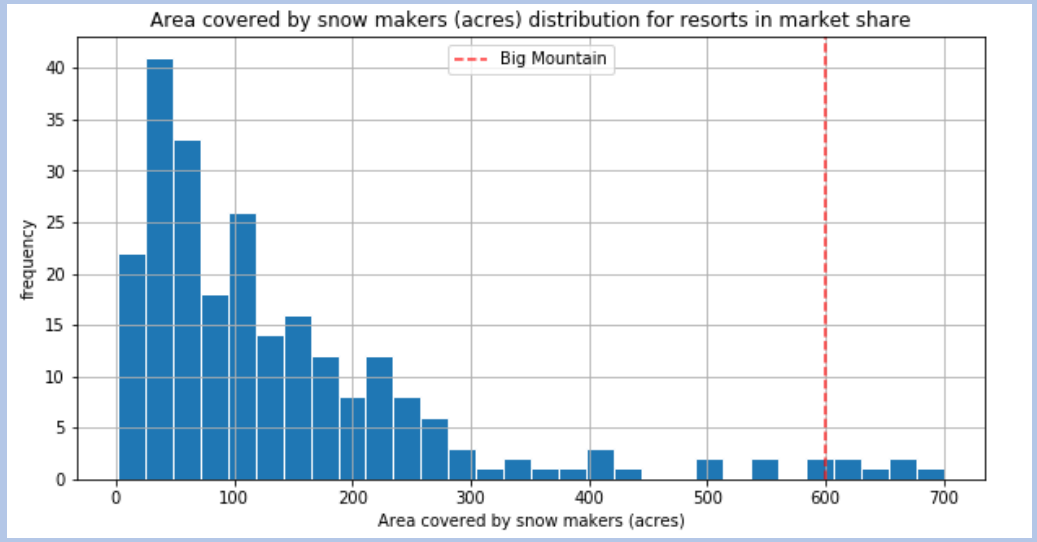
Big Mountain is doing well for vertical drop but there are still quite a few resorts with a greater drops.



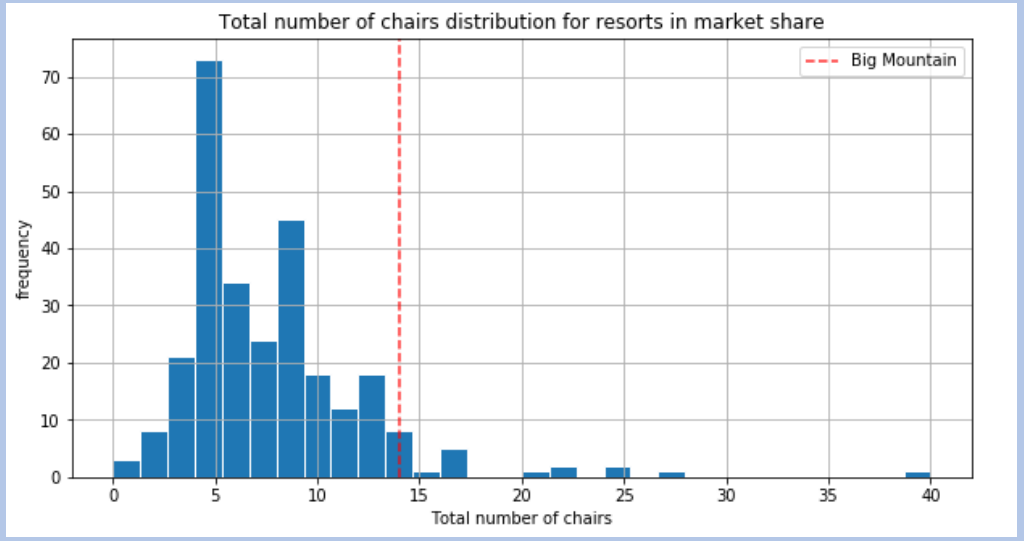
Big Mountain has one of the longest runs. Although it is just over half the length of the longest, the longer ones are rare.



Big Mountain compares well for the number of runs. There are some resorts with more, but not many.

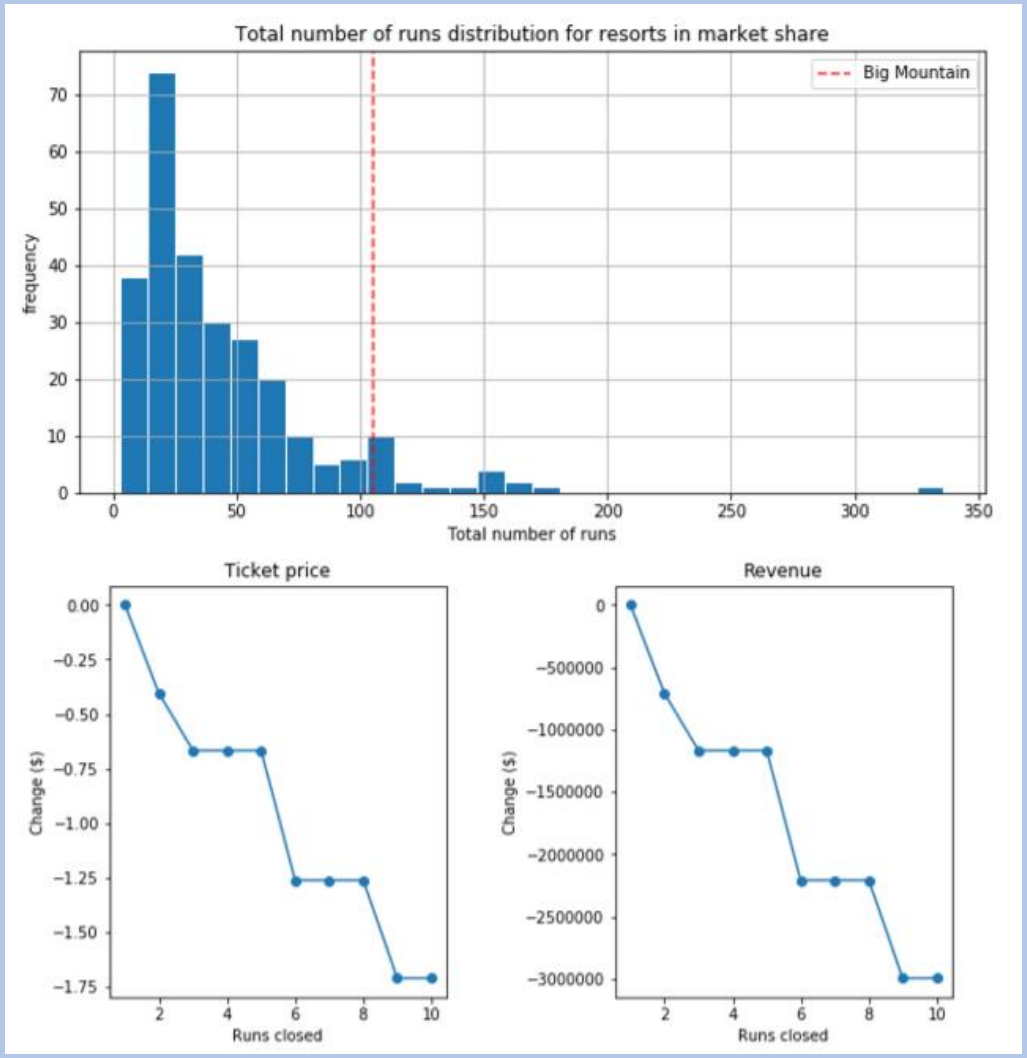


Big Mountain is very high up the league table of snow making area.



Big Mountain has amongst the highest number of total chairs, resorts with more appear to be outliers.

Closing up to 10 Runs vs (Ticket price & Revenue)



Our Model predicted the following when it comes to closing up to 10 used Runs:

- Closing one run will have no impact on Ticket price or revenue.
- Closing 2 runs reduce support for ticket price and so revenue by $0.4 and $750,000 respectively.
- Closing down 3 runs, it seems they may as well close down 4 or 5 as there's same loss in ticket price and revenue by $0.67 and $1.250M respectively.
- Closing 10 runs reduce support for ticket price and so revenue by $1.71 and $3M respectively.
- Because we don't know the operating cost per used run, we can't determine how much cost saving will be offset the loss in revenue after closing more than one run.

Conclusion

After applying our Model for ski resort ticket price and leverage it to explore Big Mountain Resort's potential scenarios for increasing revenue, we can conclude that:

- Depending on the cost of maintaining runs, the resort can compare the cost saved to the revenue reduce by closing least used runs to determine if they should close runs and how many runs to close.
- If the cost of increasing the vertical drop by 150 feet, and installing an additional chair lift is much less than the expected increase of $3474638, the resort should do it.
- Increase the ticket price to $86-$95