Report on pricing model selection of ticket value for Big Mountain ski resort

Data Summary

A model to select a better ticket price for Big Mountain resort was created based on resorts on their segment. The dataset utilized contained data for 330 resorts across the United States. It included information such as ticket prices, summit elevation, vertical drop, terrain parks, total number of chairs, number of runs, and other relevant data. The current ticket price at Big Mountain ski resort is $81. The expected number of visitors was approximately 350,000 over the season.

Figure 1 – The ticket price at Big Mountain resort is $81, this is slightly higher than the median price.

Results

Model Price Prediction

The model prices Big Mountain tickets at $94.22, even with an expected error of $10.39. It suggests there is room to increase ticket prices.

Key Features

1) Vertical Drop

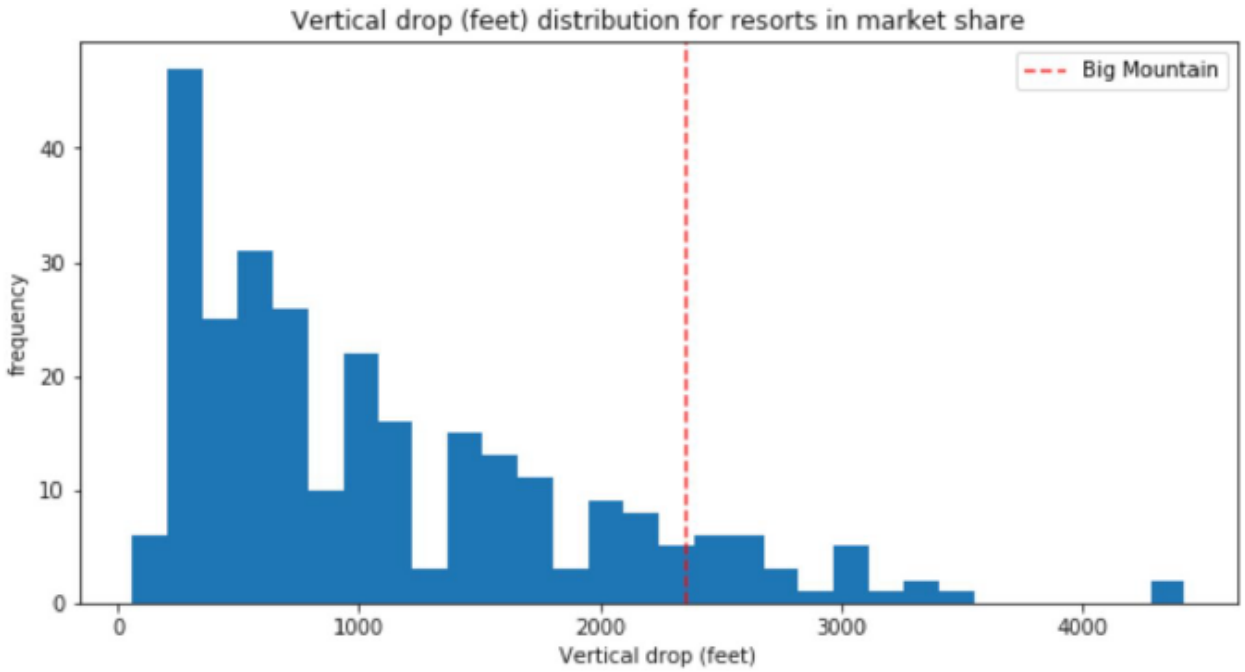

Figure 2 - Big Mountain is doing well for vertical drop, but there are still a few other resorts with higher drop

2) Snow Making

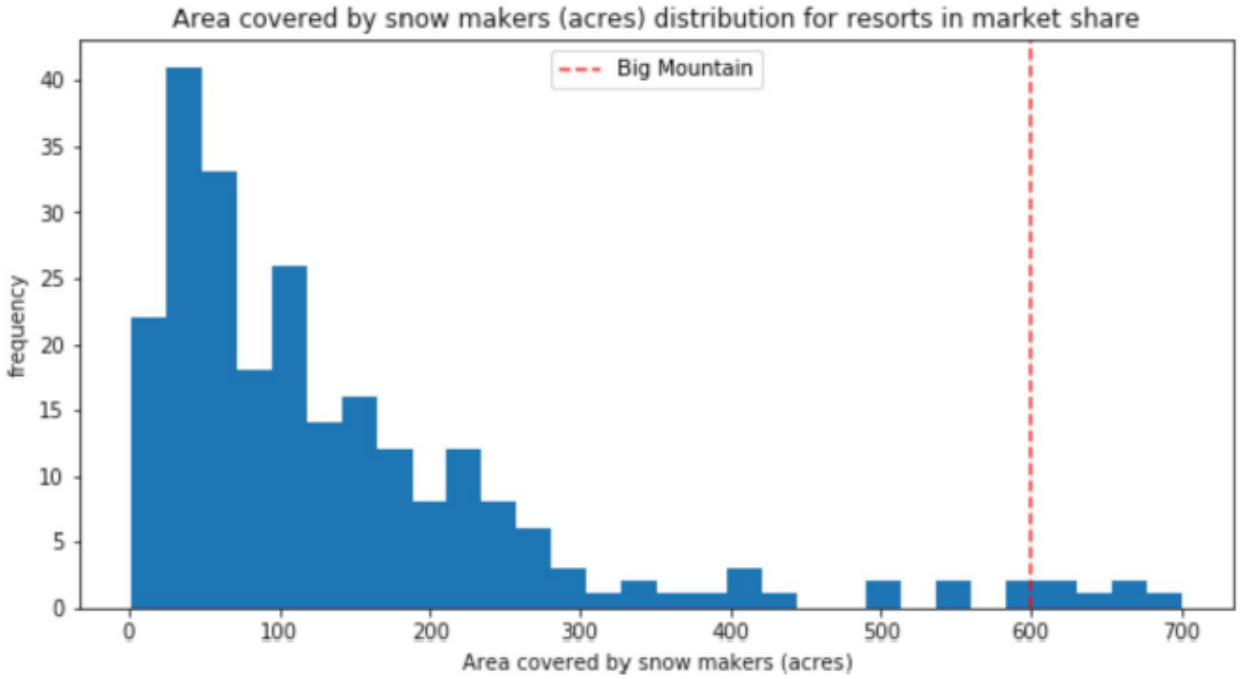

Figure 3 - Big Mountain is amongst the top snow produces.

3) Total Chairs

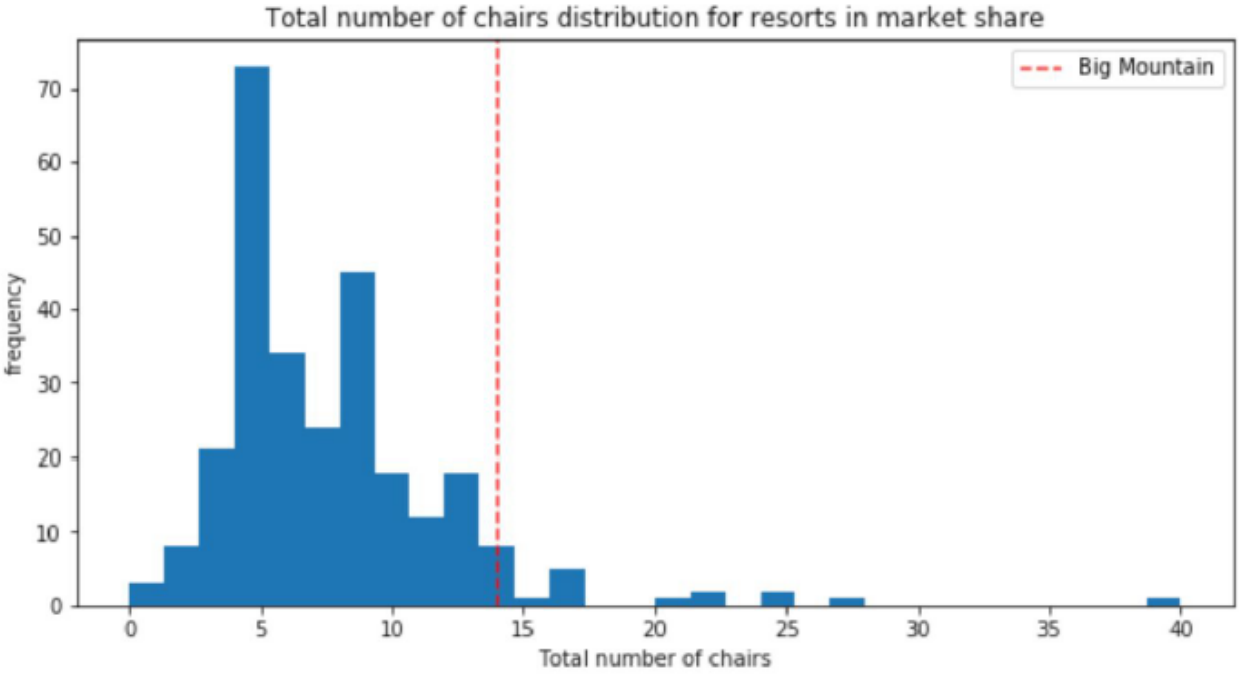

Figure 4 - Big Mountain has amongst the highest number of total chairs

4) Fast Quads

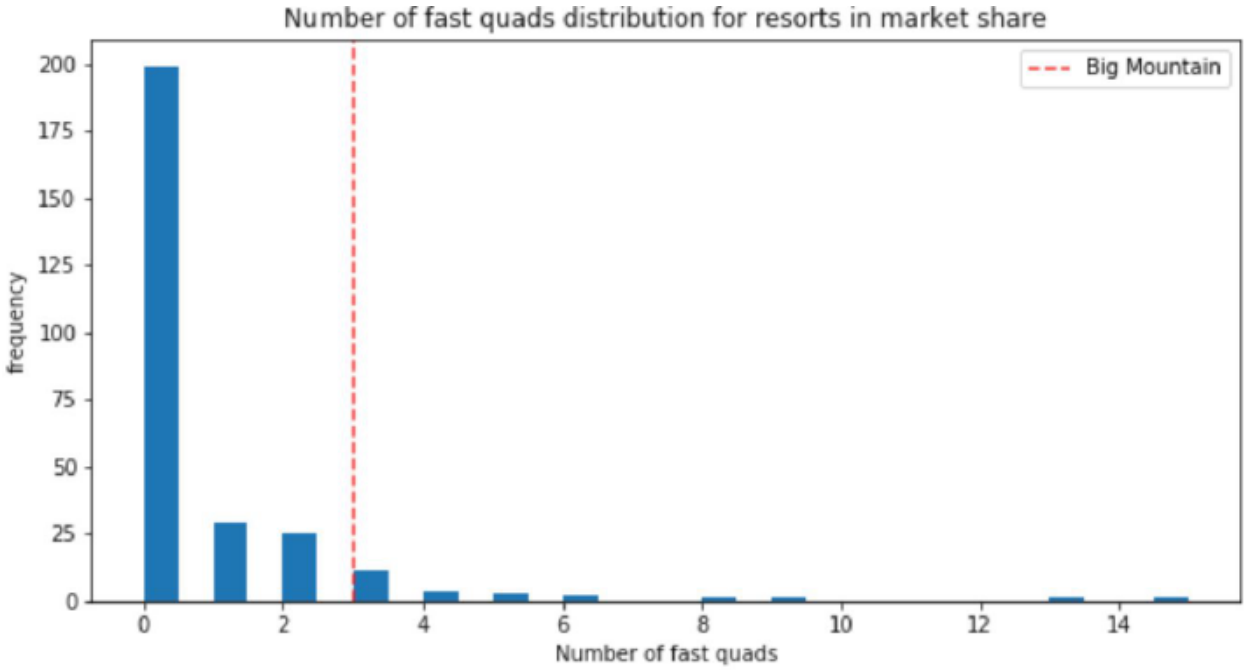

Figure 5 – The majority of resorts don't have fast quads. However, Big Mountain has 3 fast quads. Although there are some resorts with much more, it is still a rarity to have any at all.

5) Runs

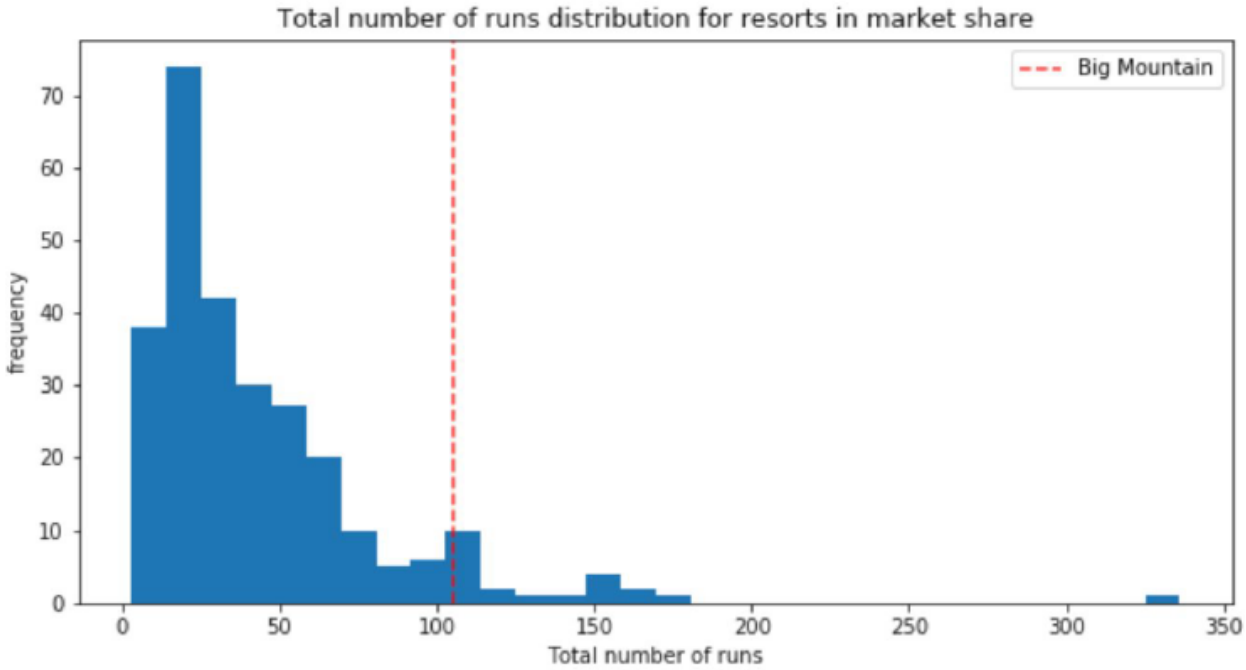

Figure 6 - Big Mountain has over 100 runs, this is well over the median. There are some resorts with more, but not many.

6) Longest Run (mi)

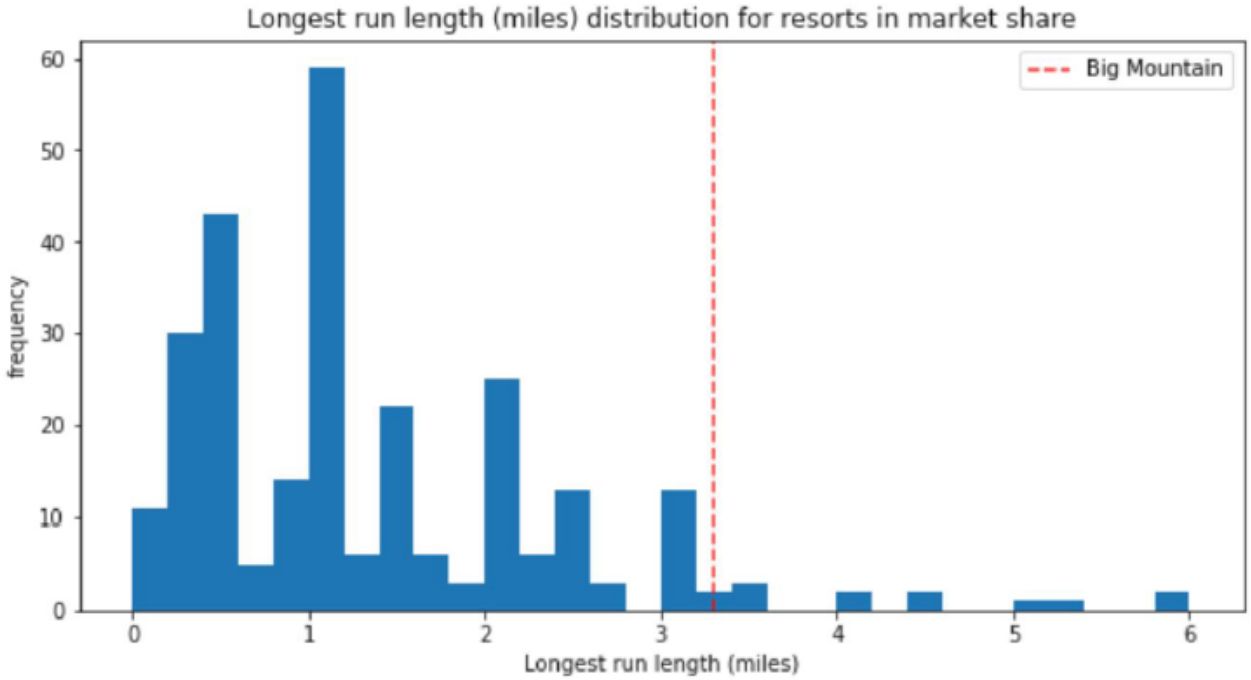

Figure 7 - Big Mountain has one of the longest runs at just under 3.5 miles. Although it is just over half the length of the longest, the longer ones are a rarity.

7) Skiable Terrain Area (acres)

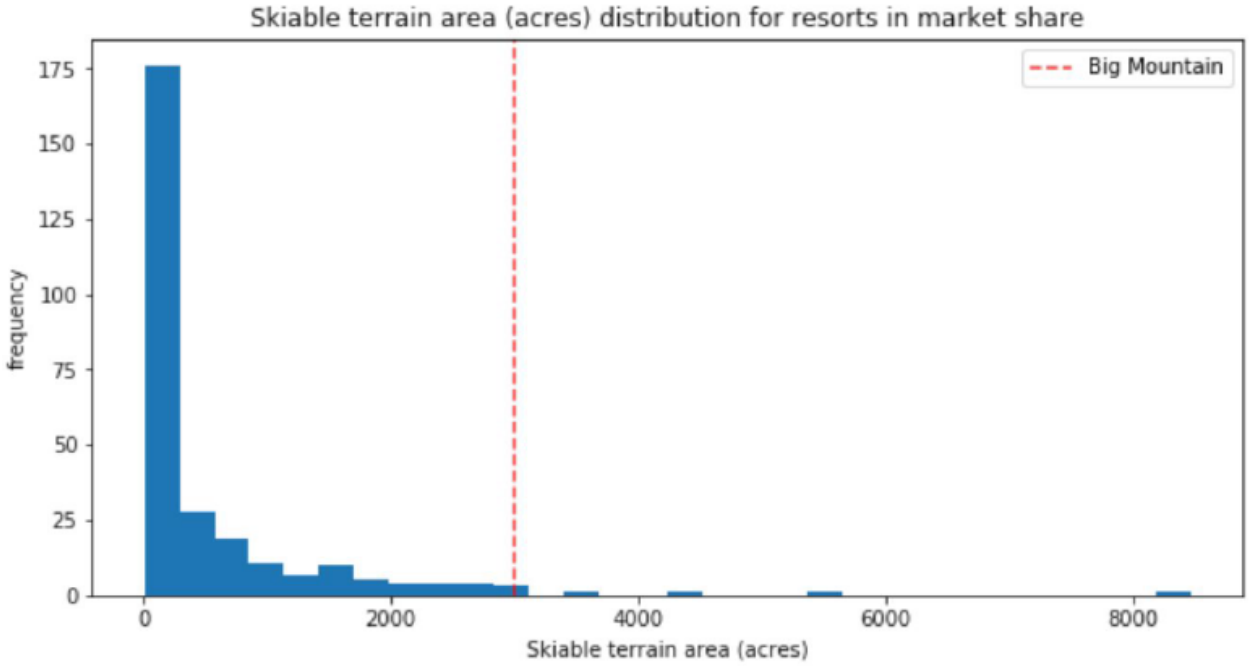

Figure 8 - Big Mountain is amongst the resorts with the largest amount of skiable terrain.

Potential Interventions

A) Permanently closing down up to 10 runs

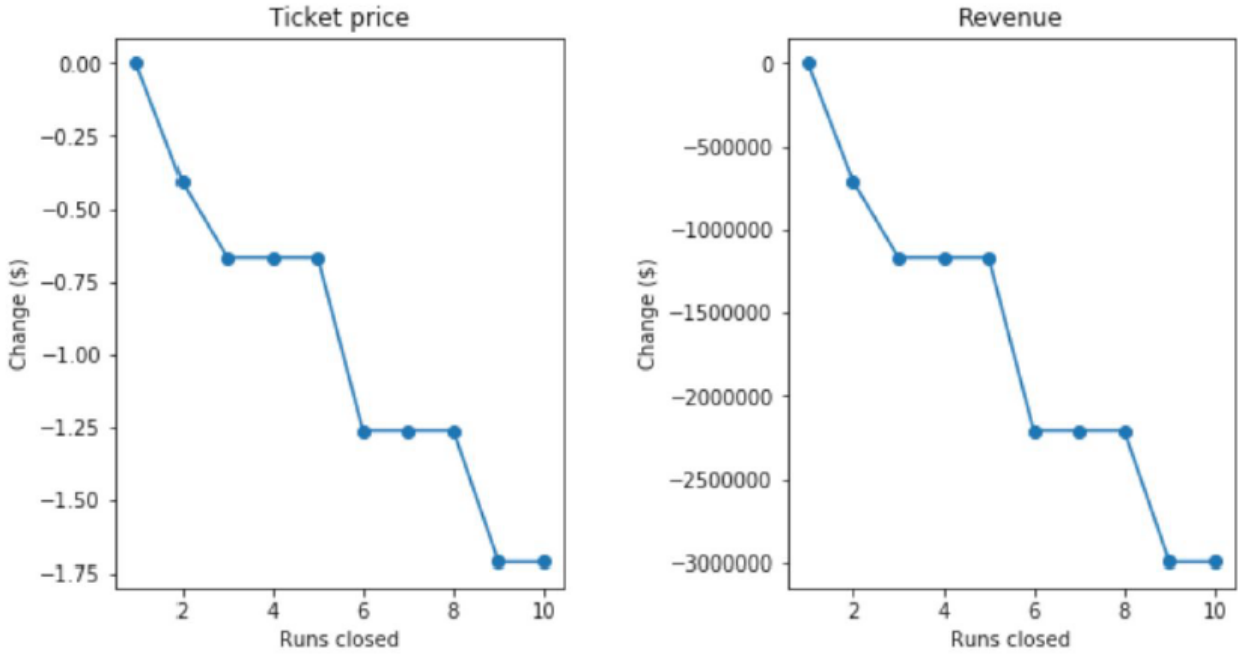

Figure 9 - Closing runs reduce support for ticket price and revenue

B) Increase the vertical drop

Do this by adding a run to a point 150 feet lower down, it requires the installation of an additional chair lift but no additional snow making coverage needed. This scenario increases support for ticket price by $1.99. Over the season, the expected return would be $3,474,638.

C) Increase longest run

Another solution is to increase the longest run by 0.2 mile to for a total of 3.5 miles length. This requires additional snow making coverage of 4 acres. However, this makes no difference in revenue whatsoever.

Conclusion

The model supports the increase of ticket prices up to $94.22. This would represent an increase of $4,627,000 in revenue. In order to increase ticket prices by another $1.99, puting total ticket price at $96.21, Big Mountain can increase the vertical drop. This would represent a total revenue of $33,673,500, an increase of $5,323,500 compared to current revenue.