

Big Mountain Resort Revised Ticket Pricing

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Big Mountain resort has kept their ticket prices at \$81.00 per ticket on the basis of charging a premium above the average price of resorts in the market segment. This approach leaves out the true value of the facilities at Big Mountain in determining ticket prices. A self-sabotage of its revenues, if you will. The solution: a data-driven analysis of ticket prices based on facilities of all ski resorts in the United States.

For a better pricing strategy, we trained and designed a model based on facilities that had the most influence in determining ticket prices among the different ski resorts. With said model, we analyzed the four different business solutions proposed by Big Mountain Resort. Two of the scenarios portrayed negative revenue or support for zero change in ticket price while the other two were identical in providing support for a ticket price increase. The two solutions involved adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift whilst one of them added 2 acres of snow making. Of the two, the scenario without the additional snow making is the optimal solution. This is the what the model supported:

This scenario increases support for ticket price by \$1.99

Over the season, this could be expected to amount to \$3474638

As you can see based on the theoretical changes for the solution, it suggests the ticket price would be undervalued by \$1.99. If these changes were to occur, the expected increase amounts to roughly \$3.5 million. This would cover the additional chair lift and then some.

Our model was designed so that we can fully understand what the people are willing to pay for our facilities. It will analyze how our business decisions will affect the support for the

ticket price. A data-based ticket price that will eliminate all guessing and inaccurate premiums on averages.