Big Mountain Ski Resort

Ticket Price Analysis

Problem Statement

What ticket price reflects the value of the facilities provided at Big Mountain ski resort?

What changes can be made to either cut costs without undermining ticket price or support an increased ticket price in pursuit of increasing revenue?

Recommended Ticket Price

Using Big Mountain's current facilities, our model predicted a ticket price of $95.87.

Even with the model's expected mean absolute error of $10.39, this suggests there is room for an increase.

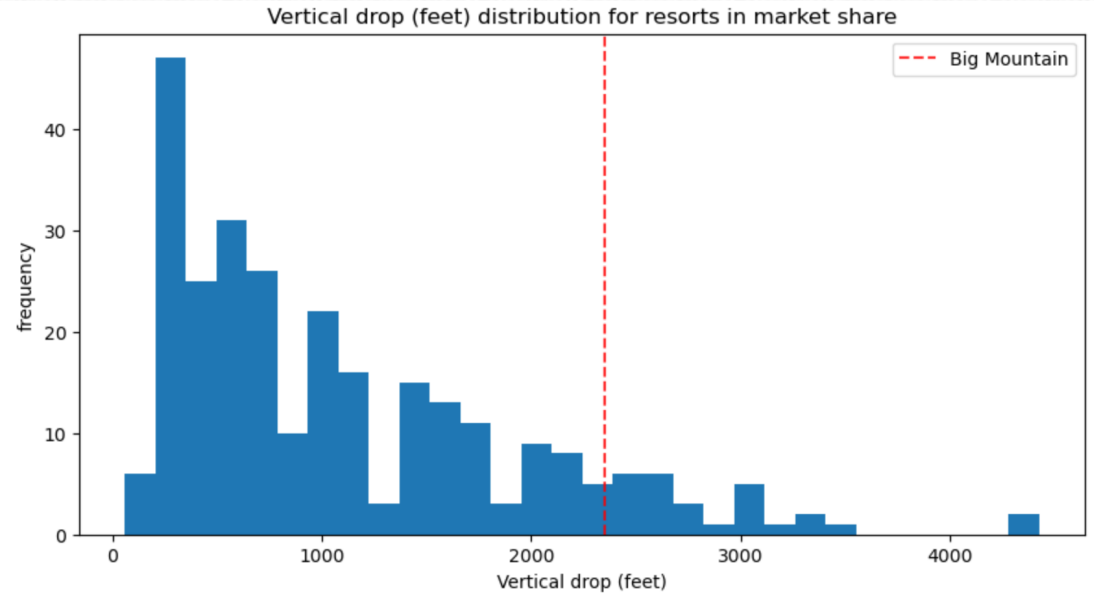
Big Mountain Resort in Market Context

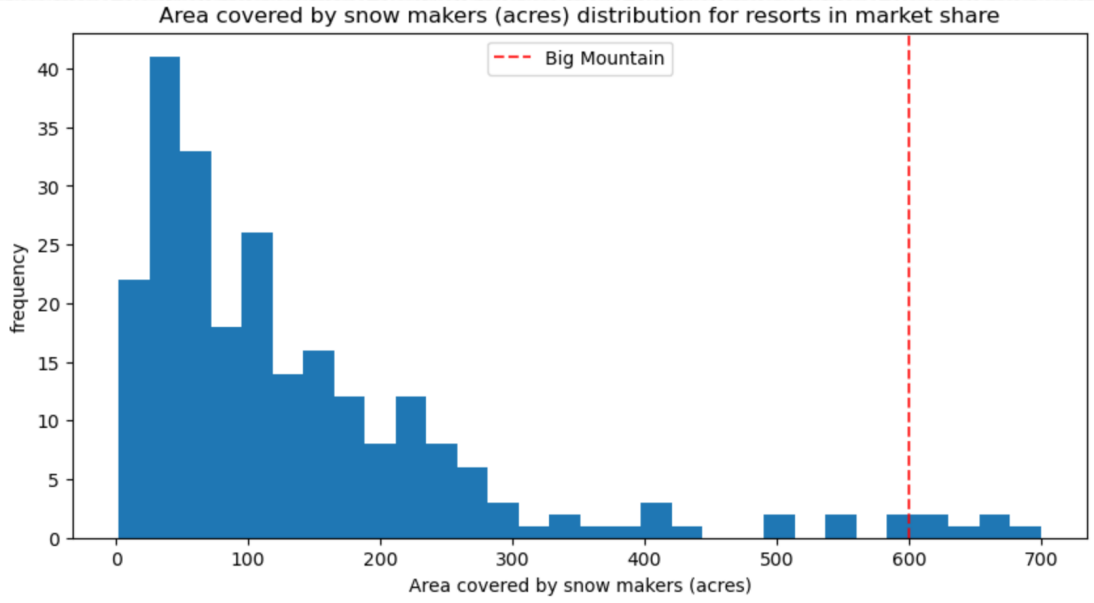
Our analysis identified the following features as having the greatest impact on ticket price:

1. Vertical drop
2. Acres covered by Snow Makers
3. Number of runs
4. Number of fast quads

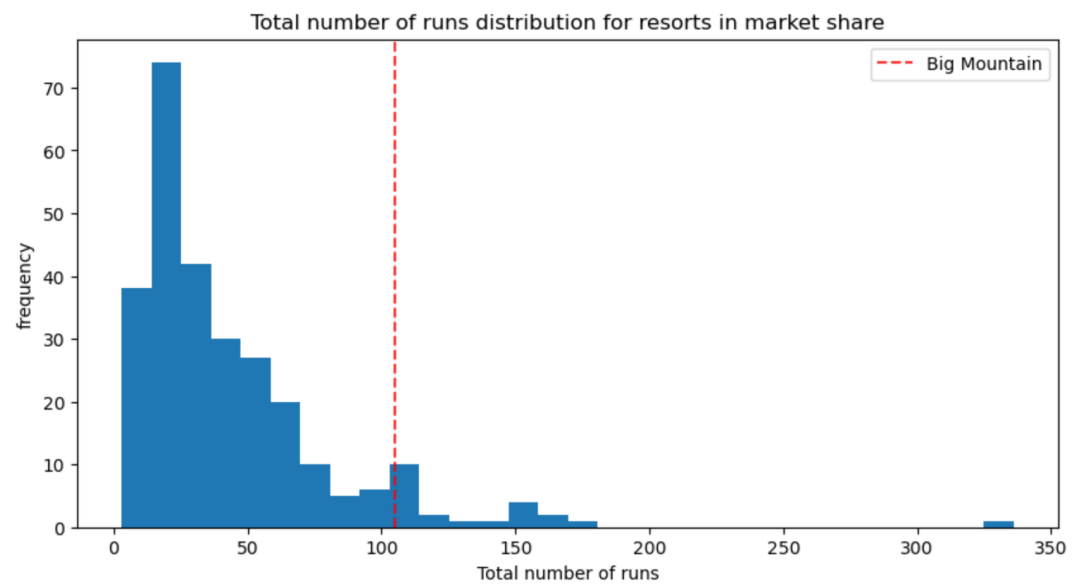
How did Big Mountain compare in those categories?

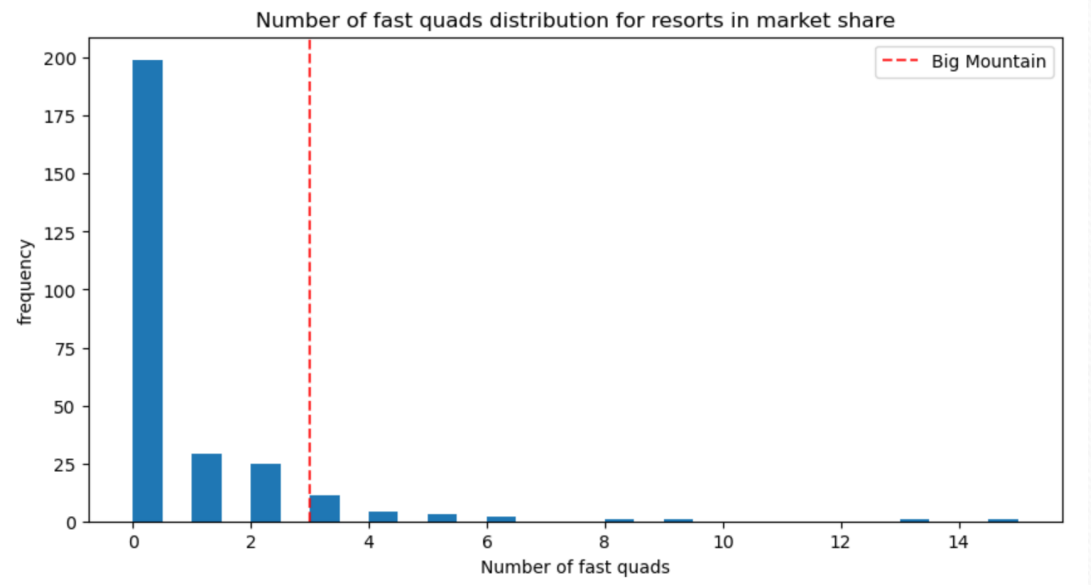
Vertical Drop and Snow Maker Acres





Total number of runs and Total number of fast quads





Big Mountain consistently ranked in the top of each category!

This further supports increasing the ticket price.

We looked at 4 scenarios for making changes…

1. Permanently close up to 10 of the least used runs.
2. Increase the vertical drop by adding a run to a point 150 feet lower down. This would require the installation of an additional chair lift. However, we would not add additional snow making coverage in this case.
3. Do the same as #2 but add 2 acres of snow making cover as well.
4. Increase the length of the longest run by 0.2 mile to boast 3.5 miles in length. This would require additional snow making coverage of 4 acres.

What we found…

1. Closing runs had a negative impact on the predicted ticket price.
2. Supported an increase of $8.61 for the ticket price resulting in about $15,065,471 in revenue.
3. Supported an increase of $9.90 in ticket prices, resulting in about $17,322,717 in revenue
4. Did not support any increase in ticket price.

Conclusion

- Analysis suggests there is room for an increase in ticket price.
  - Our model recommended a price of $95.87
  - The average mean absolute error for the model is about $10.39
- Proposed changes in scenarios 2 and 3 have the potential to add value to the resort and support a further increase in the ticket price.
  - We need to investigate the cost of implementing those changes to know if it is worth the investment.