



# Facility based ticket pricing Big Mountain Resort

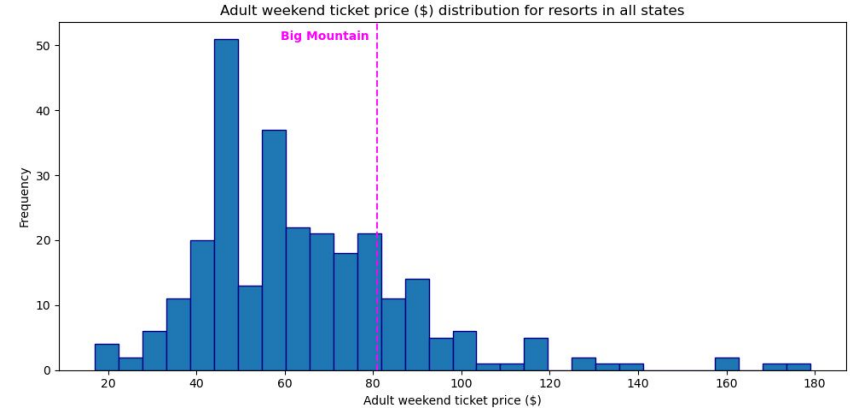
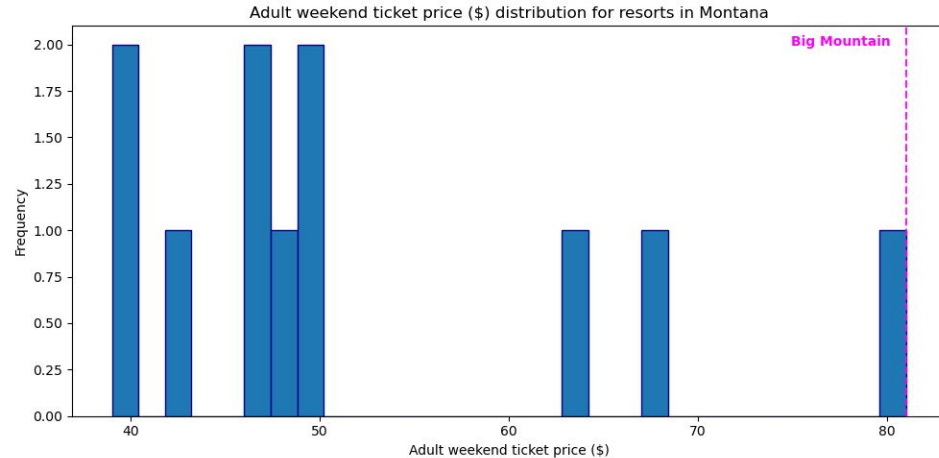
DS Guided Capstone 6.7

[Link to slides](#)

# Current Pricing Strategy, Questions

- Charge premium above market segment average — highest Montana ticket price
- Does current price, **\$81**, capture value of Big Mountain's facilities?
- How can changes to facilities justify changes in ticket pricing?

- Are there worthy investments that will increase ticket value?
- Can costs be cut in areas that will not affect ticket value?



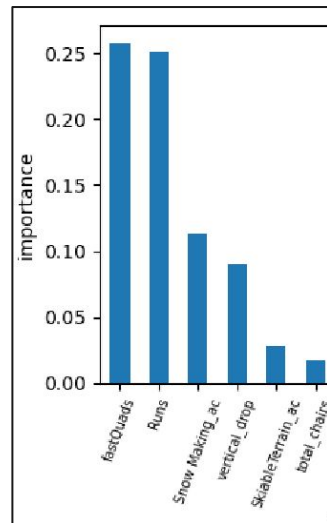
Ticket price is still relatively high in greater market context, but how do Big Mountain's attributes compare to the more expensive resorts?

# Facility based pricing strategy

- Over 200 resort facility metrics and ticket prices used to decision-tree based model.

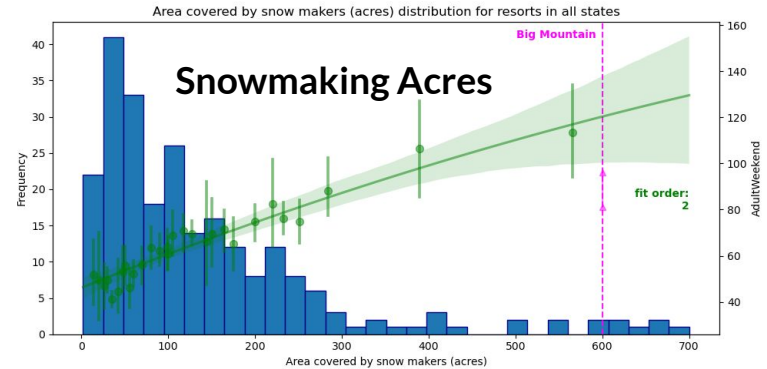
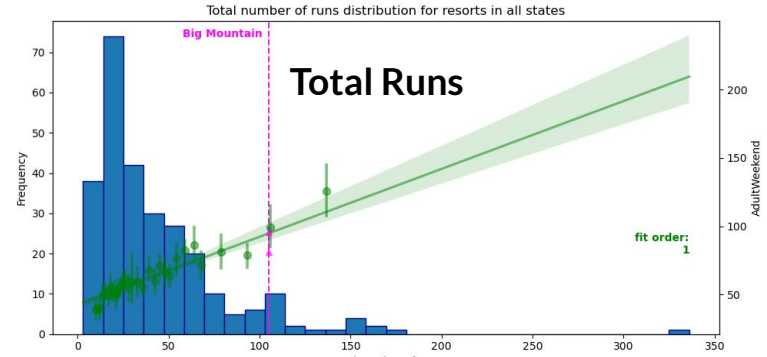
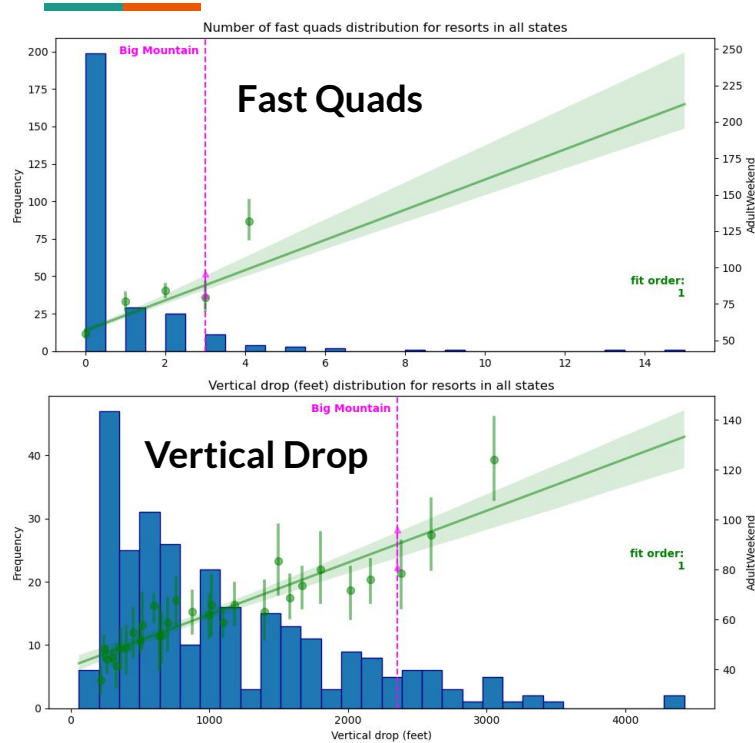
## Key resort features:

- fast quad lifts, total runs, snow making coverage, vertical drop, skiable terrain, total chairs
- Big Mountain facility-based price: **\$96** fifteen dollar increase!
  - Would result in \$26.25m revenue increase for next year
  - Price increase is fair given Big Mountain's facility offerings relative to greater market segment
  - Increased ticket price should relieve cost of new chairlift \$1.54m



Resort feature importance for pricing model

# Big Mountain Market Context → High quality offerings

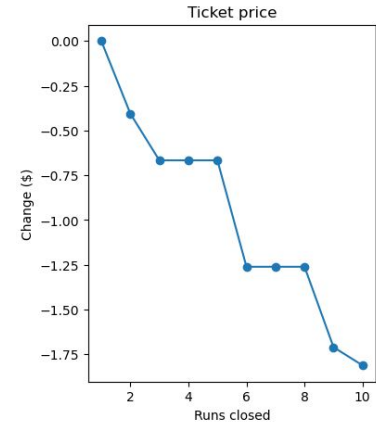


Resort distributions for the most important features (blue). Ticket price was fit against each feature (green) to show their individual relationship with ticket price. Big Mountains current and suggested prices were overlaid (pink), and show a fair room for increase.

# Scenario Evaluation with Pricing Model

Without facility changes, a \$15 ticket price increase is justified. With 350k visitors in a year staying 5 days, that equates to an additional \$26.25m which can serve as a baseline. Additional costs or savings from the proposed scenarios are not known.

The new pricing model was used to evaluate proposed scenarios:



1. Close up to 10 runs  
drop's suggested price up by up to \$2, areas of opportunity (see plateaus) at \$94, increased increased revenue from ticket price reduced to \$22.75m
2. Add chairlift to increase vertical drop 150 ft.  
increase suggested price by \$0.3 --> adds \$3.5m revenue to projected increase  
*best frugal investment!*
3. Above and add 2 acres snowmaking coverage  
increase suggested price by \$0.3 --> add \$3.5m revenue  
*same as above but with additional costs, may be worth it long term*
4. Increase longest run (3.3mi) by 0.2mi, add 4 acres snowmaking  
no change in suggested price

# Deliverable, Future Improvements



## Outcomes

- New facility based pricing model suggests a higher ticket price, \$96, which will add \$26.25m in yearly revenue.
- Model can be used to evaluate a number of different scenarios, simply input change(s) to desired facility metric(s) and evaluate suggested ticket price.
  - Of the proposed scenarios, I recommend #2 or #3

## Continued work

- Size of dataset is sufficient for model algorithm, but model may be improved with additional resort metrics.
  - Should expected visitors, revenue, or profits be taken into account or predicted by model?
- Specific scenario evaluation can be implemented with more details on resort costs.

Big Mountain is a premium ski resort, and its ticket price does not capture its offerings.

*current*  
**\$81**

*suggested*  
**\$96**

---