

The Big Mountain Resort

Problem Statement

What opportunities exist for Big Mountain to optimize ticket pricing and/or to cut costs based on important facilities within the resort before the start of next ski season to increase the business' revenue by 'above average price' in its market segment?

Context

The Big Mountain ski resort, in Montana, offers spectacular views of Glacier National Park and Flathead National Forest, with access to 105 trails. These are serviced by 11 lifts, 2 T-bars, and 1 magic carpet for novice skiers. The longest run is named Hellfire and is 3.3 miles in length. The base elevation is 4,464 ft, and the summit is 6,817 ft with a vertical drop of 2,353 ft. Every year about 350,000 people ski or snowboard at Big Mountain.

Recently, the resort installed an additional chair lift to help increase the distribution of visitors across the mountain. This additional chair increases their operating costs by \$1,540,000 this season. Normally, the resort's pricing strategy has been to charge a premium above the average price of resorts in its market segment. However, the resort's business executives suspect the business is not capitalizing on its facilities as much as they should. Basing their pricing on just the market average does not provide the business with a good sense of how important some facilities are compared to others. This hampers investment strategy.

The resort wants to increase revenue and are looking for opportunities to select the best value for their ticket prices. Also, they are considering closing down some facilities they hope will cut costs without undermining the ticket price or will support a higher ticket price.

Criteria for Success

Model ticket pricing scenarios based on the facilities in the resort and their positionality in the market. Also, Identify cost-cutting changes to be made in the resort.

The business executives will adopt the best pricing model and develop it into a product.

Scope of Solution Space

The company will examine its positionality within the market nationally but its main focus is Montana. In addition, the focus will be on facilities that have high correlation with adult weekday and weekend prices.

Constraints

- The marketing team may resist ticket price increases
- The resort is looking for a data-driven strategy. A purely data-driven strategy may run into conflict with local economic outlook
- Lack of some key data to make comprehensive ticket pricing predictions

Stakeholders

- Jimmy Blackburn - Director of Operations
- Alesha Eisen - Database Manager

Key data source

- A single CSV file received from database manager