Big Mountain Resort

Pricing Strategy

Problem Identification

Challenges and Opportunities

Content: Big Mountain Resort in Montana, with its spectacular view and access to 105 trail, receives about 350.000 visitors every year. However maximizing profitability from ticket sales and cost-cutting measures without affecting customers experience remains challenging. The resort seeks ways to optimize its pricing strategies.

Dataset and Analysis

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The data set used for the analysis contains information about various ski resorts, including Big Mountain Resort. It Includes Numerical and categorical features such as vertical drop, snow-making area, total chairs, fast quads, runs, longest run, trams and skiable terrain. The dataset also provides information about other ski resorts across different regions and states.

Our analysis shows strong positive correlation with certain key factors. Factors such as "vertical drop", "fast quads", "runs" and "total chairs" demonstrate significant influence on popularity of the resorts and ticket prices. Big Mountain Resort has a favorable position in these categories compared to other resorts.

Key findings and Recommendations

Big Mountain Resort has an advantage in vertical drop. Additionally, the resort has a large number of chairs. It also offers higher number of fast quads compared to industry average. In terms of the numbers of runs, Big Mountain Resort compares favorably to other resorts. The resort also has one of the onger runs among all resorts.

Overall, these factors contribute to Big Mountain Resort's market competitiveness.

Modeling Results and Scenario Analysis

The analysis of potential scenarios:
1.   Permanently closing down up to 10 of the least used runs. This   doesn't impact any other resort statistics.

The model says closing one run makes no difference. Closing 2 and 3 successively reduces support for ticket price and so revenue. If Big Mountain closes down 3 runs, Resort may as well close down 4 or 5 as there's no further loss in the ticket price. Increasing the closures down to 6 or more leads to a large drop.
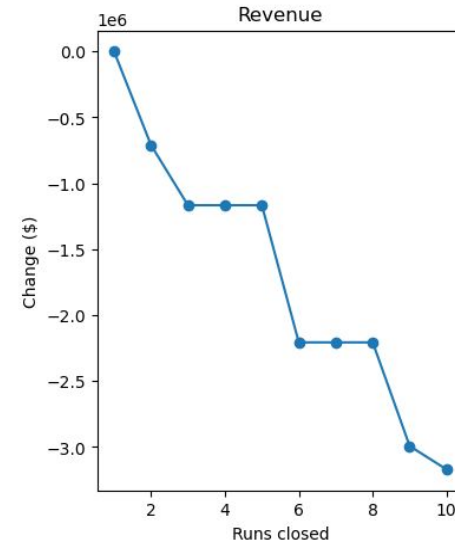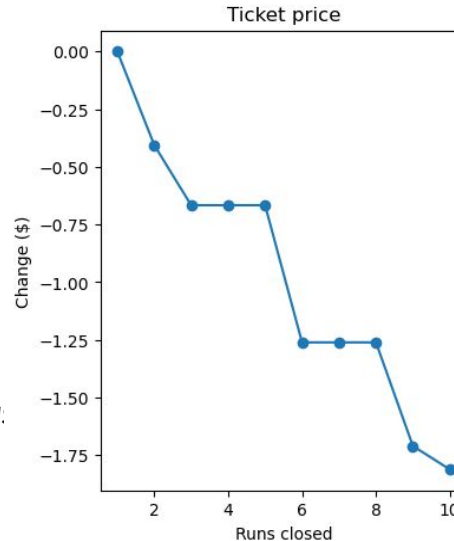
2.	Increase the vertical drop by adding a run to a point 150 feet lower down but requiring the installation of an additional chair lift to	bring skiers back up, without additional snow-making coverage.

3.	Same as number 2, but adding 2 acres of snow-making cover

The modeling results for Scenario 2 and Scenario 3:

The modeling indicates that Big Mountain Resort could potentially increase the ticket price by $1.99 if they implement Scenario 2 (adding a run, increasing vertical drop by 150 feet, and installing an additional chair lift) or Scenario 3 (same as Scenario 2, but with an additional 2 acres of snow-making coverage).

Over the season, this could be expected to increase the revenue amount to $3,474,638

4.	Increase the longest run by 0.2 miles to boast 3.5 miles length, requiring additional snow-making coverage of 4 acres.

Our model for this Scenario shows no difference in revenue.

Conclusions and testing the price strategies

Modelling suggests that ticket prices can be increased by as much as $1.99 under certain scenarios, potentially boosting the season's revenue by about $3.5M.

However, we need to be aware that shutting down more than five runs might impact ticket prices and revenue negatively. To insure this suggestions we recommend to conduct A/B test, comparing different pricing structures and strategies among distinct visitors groups as well as testing season depending price adjustments. Success will be tracked with metrics such as total earnings, visitors number, customer satisfaction and revisit rates.