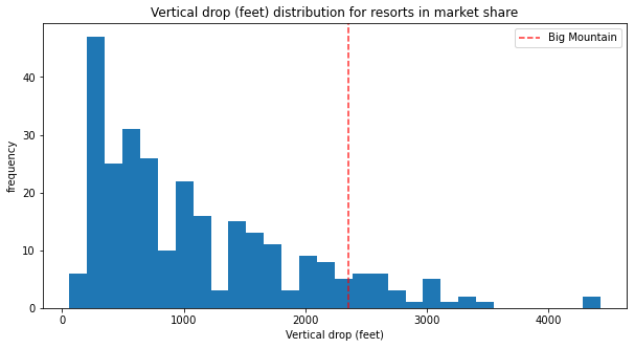
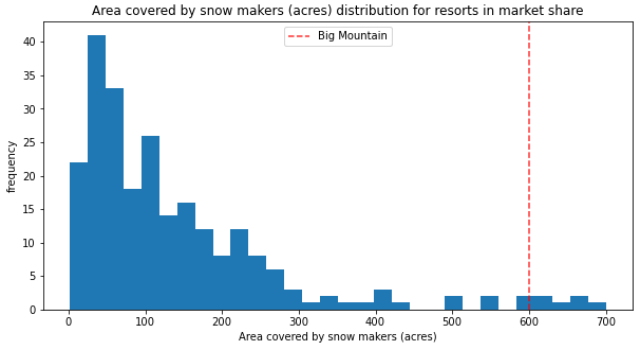
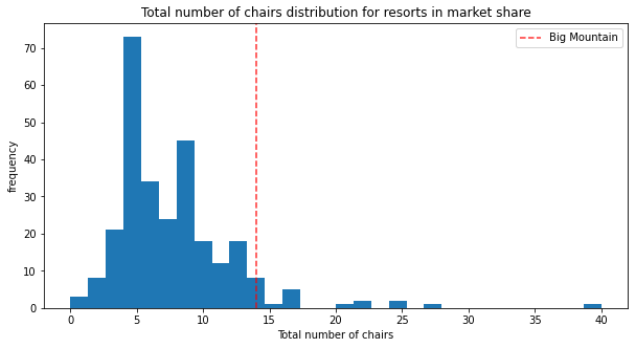
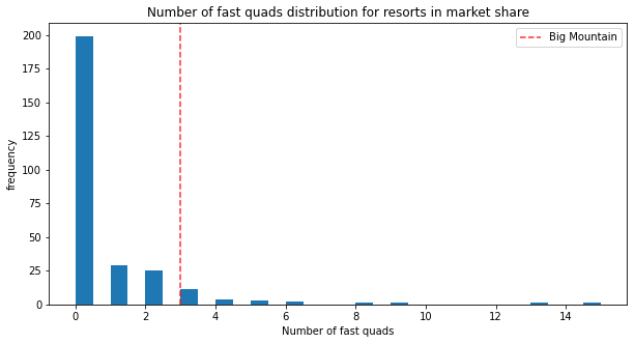
Big Mountain Resort Ticket Price Recommendation

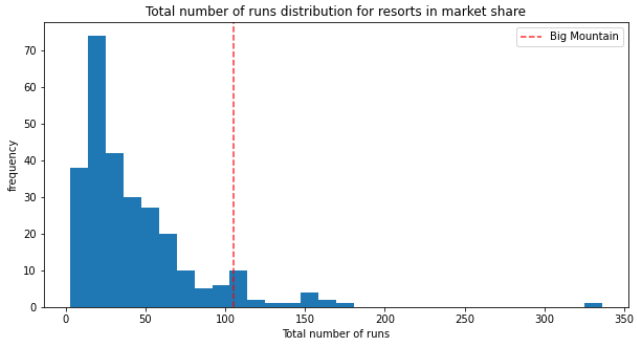
Big Mountain resort currently has a ticket pricing strategy that charges a premium above the average price of resorts in it's market segment. As they have just added an additional chair, increasing operating costs by over $1.5 million, they suspect that this current pricing strategy is not optimized to maximize their profit.After some analysis on data from several ski resorts from around the country, we found that some of the key amenities that have a strong influence on pricing include the vertical drop height, snow making area, total number of chairs, fast quads, total number of runs, longest run, and skiable terrain area. Encouragingly, Big Mountain Resort has an advantage in regards to all of these amenities in comparison to most of its competitors:

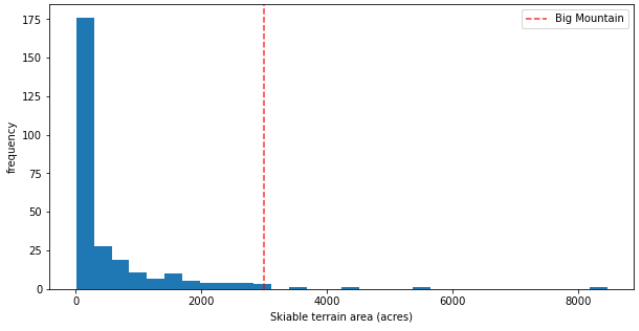


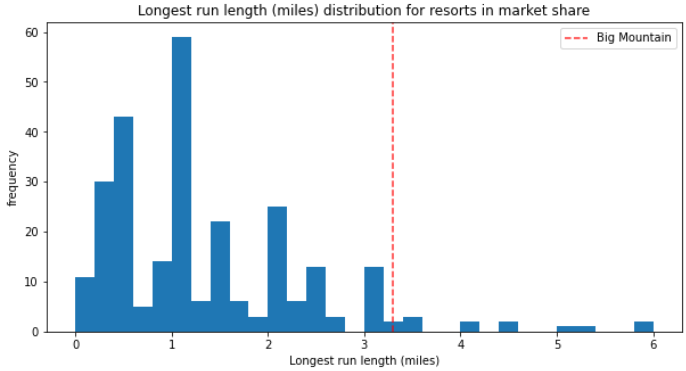




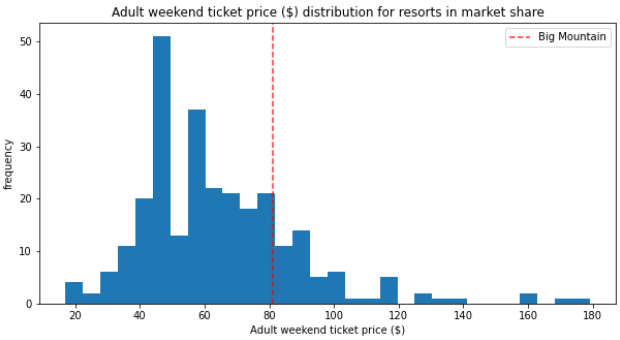








The resorts that have higher values for these amenities than Big Mountain seem to be outliers in comparison to the majority of the resorts. Not only this, but Big Moutain resort's ticket price, although



on the higher end of the spectrum, is still cheaper than several resorts (vastly cheaper than some resorts). After deploying our model using pricing data from all of these resorts, we found that a reasonable ticket price would be $95.87, which is quite a jump compared to its current price of just $81. Based off the amenities offered and the pricings of some of its competitors, this price increase seems justified. Please note that this is our initial recommendation, before adding or removing any current amenities. If Big Moutain decides to close a number runs, it is important to note how this would affect our ticket price recommendation and the resort's revenue. Closing one run would make no change to the ticket price or revenue. Closing 2 and 3 runs successively reduces support for ticket price as well as revenue, but if 3 were to be closed, then 4 and 5 may as well be closed as well as this will make no difference. It is not recommended to close more than 5 as this will cause large drops in recommended ticket price and revenue. Aside from this, increasing the vertical drop by 150 ft as well as adding another chair would justify an additional $1.99 increase to the $95.87 ticket price. Over the season, this could generate an extra $3474638 in revenue, so this very well may prove its worth over time (depending on costs of increasing vertical drop as well as adding another chair). Adding an extra two acres of snow, however, will not make any difference, so this is not recommended. Lastly, increasing the longest run by 0.2 miles and increasing snow making coverage by 4 acres would not make any difference to the ticket price or revenue, so this is not recommended. Overall, it would seem that there is a clear justification to increase ticket price to at least $95.87. Increasing vertical drop and adding another chair is also recommended, as it would justify a ticket price of $97.86 which is predicted to increase revenue by almost $3.5 million. Removing at least one run is definitely recommended as this causes no change in modeled ticket price or predicted revenue, but we cannot give any recommendation on closing any more than that as we do not have any data on operating costs for keeping each run open.