Big Mountain Ski Resort

Analysis by Robert Lewis

PROBLEM STATEMENT

- BMR’s current pricing strategy has been to charge a flat premium above the National Average
- **The Ask**: Create a pricing strategy that capitalizes on Big Mtn Ski Resort’s facilities to maximize ticket pricing
- **Deliverable**: A pricing model that takes into account their patron’s affinity for certain ski facilities and provide recommendations to the BMR’s executive team.

Possible Scenarios (proposed by BMR Management)

1. Remove up to 10 of the least used chair lifts
2. Add a run, decrease vertical drop by 150 ft, and add a chair lift
3. Add a run, decrease vertical drop by 150 ft, add a chair lift and add an additional 2 acres of snow making
4. Increase longest run by 0.2 miles & increase snow making by 4 acres

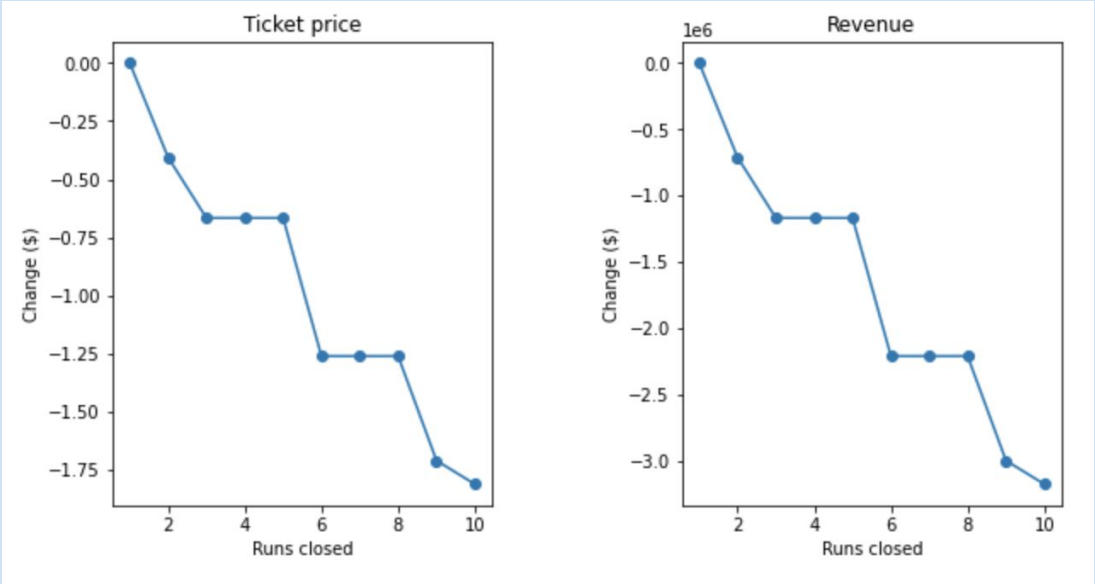
Recommendation

- **Add a run, decrease vertical drop by 150 ft & add a chair lift**
- Consider closing 1 or 2 of the least used chair lifts to help offset any cost associated with adding an additional lift.
- **Ticket Price Range:** $89.61 - $95.00*
- **Estimated Additional Revenue:** $15M*

* Calculation based on a ticket price increase of $8.60 @ 350,000 visitors, averaging a 5-day stay

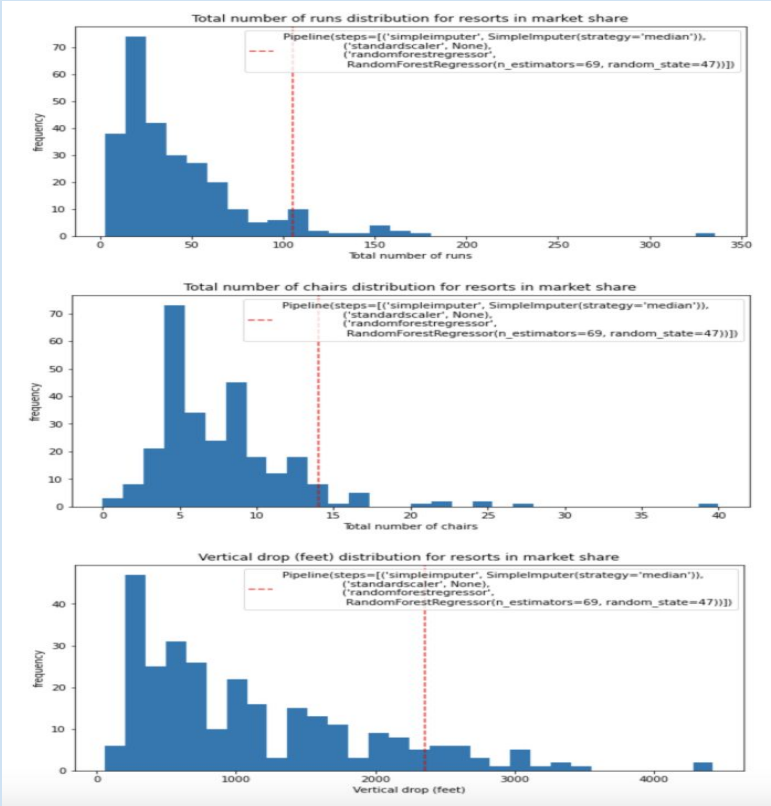
Scenario 1: Close up to 10 chair lifts

- Our model suggests that any removal of greater than one chair lift, will begin to cause a slightly negative impact on ticket prices.
- Removal of 3-5 lifts shows a plateauing of approx $0.70 decrease in ticket prices.
- If the operational costs of running less used lifts is substantial, the park could consider closing no more than 5.



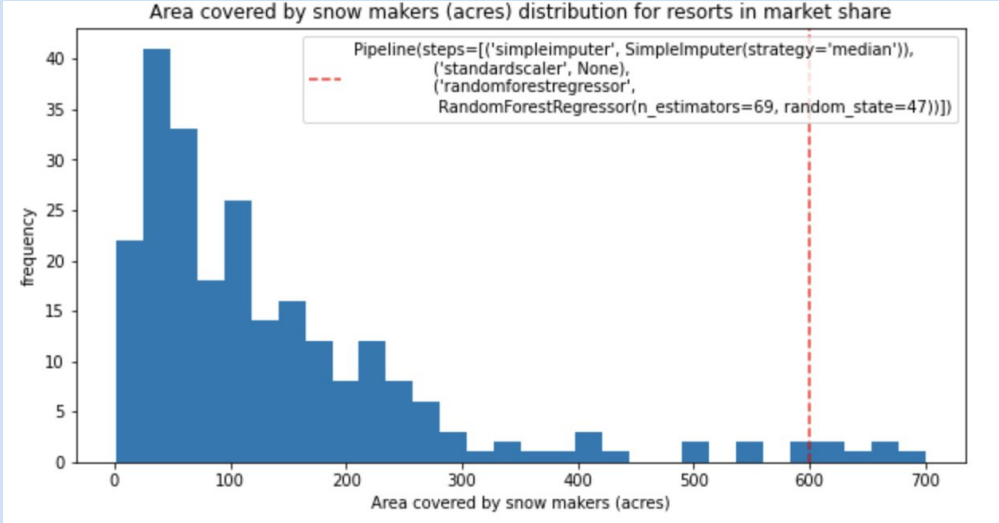
Scenario 2: Add a run, decrease vertical drop 150ft, add a chair lift

- Runs, Vertical Drops, and # of Lifts all rank high in patron affinity in our model
- BMR exceeds similar resorts in every one of these categories
- Our model predicts that the addition of another run and chair lift will add more value for patrons.
- Because they already rank high for vertical drop, the loss of 150ft showed little to no impact in our model



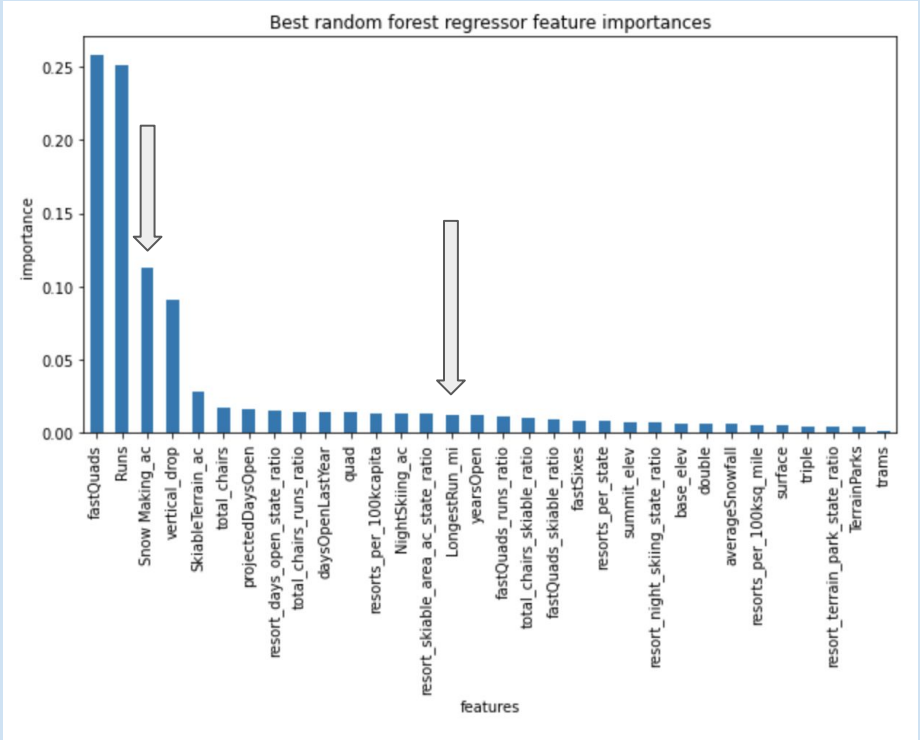
Scenario 3: Add a run, decrease vertical drop 150ft, add a chair lift + 2 Acres of Snow Making

- This scenario is the same as Scenario 2, but adds an additional 2 acres of snow making to the resort
- Our model showed that the additional snowmaking DID NOT cause any added value
- Given the cost associated, we would not recommend this option.



Scenario 4: Increase longest run by 0.2 miles + 4 acres of Snowmaking

- The final scenario of increasing the longest run & acreage of snowmaking led to NO ADDED VALUE above the current $81.00 admission pricing
- This is likely due to our model placing longest run far down on its list of most important features (denoted by arrows)



Summary & Conclusions

- Using Random Forest Regression, we were able to study the effects of 4 possible scenarios intended to maximize ticket prices for Big Mtn Resort by taking into account how patrons value their facilities.
- We concluded that Big Mtn would be able to increase their admission price by at least $8.61 , but not to exceed an increase above $14
- This pricing strategy takes into account BMR: **Adds 1 run, decreases their vertical drop by 150 ft, and adds a chair lift**