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Data-Driven Strategy to Optimize Ticket Pricing

How can Big Mountain Resort strategically optimize ticket pricing and minimize the \$1.54 million operational costs from the recent additional chair lift installation before the next winter season? These are critical questions that must be addressed to enhance profitability and sustain a 9.2% profit margin. Based on the conducted analysis, our recommendations include implementing Scenario 2 for ticket pricing optimization, reducing operational costs through run closure, and adopting a continuous monitoring and adaptation data-driven approach.

After implementing the model, our first suggestion is to implement Scenario 2: The modeling scenarios indicate that adding a run, increasing the vertical drop, and installing an additional chair lift (Scenario 2) can support a \$2.22 increase in ticket prices. This scenario aligns with the goal of optimizing ticket prices to generate additional revenue. Specifically, by adding just one run with a 150-foot vertical drop to the ski resort and one more additional chair, we could see an increase of almost \$3.9 million. This approach allows for capturing the willingness of customers to pay for enhanced facilities.

The second recommendation involves cost optimization through gradual run closure. The tactic is to focus on improving the quality of each run and increasing the vertical drop. This not only introduces the new feature of an increased vertical drop but also helps lower operational costs. The approach includes a trial closure of a limited number of runs, monitoring customer feedback, attendance, and financial performance,

and adjusting accordingly. Our predictive model indicates that closing one run has no significant impact, while closing 2 and 3 successively reduces support for ticket prices and revenue. However, increasing closures to 6 or more results in a substantial drop in customer attractiveness.

The final recommendation involves continuous monitoring and adjustment based on market and customer feedback as new features are introduced and a gradual approach to run closures is taken. Implement a dynamic pricing strategy for real-time adjustments considering factors like weather conditions, demand fluctuations, and customer preferences. Evaluating the potential impact of gradual run closures on ticket prices reveals the necessity of adapting operational decisions. Carefully assessing the effect on ticket prices enables balancing optimized offerings and managing customer expectations. Managing run closures judiciously allows for maintaining profitability while providing a high-quality skiing experience. Big Mountain Ski Resort can leverage data to adapt their pricing strategy, ensuring it aligns with market expectations, maximizing revenue and profitability. Embracing a data-driven mindset allows the resort to stay ahead of the competition, providing a superior experience for guests.

In conclusion, a strategic approach to ticket pricing, cost optimization, and a data-driven business model can position Big Mountain Resort for success in the upcoming winter season. By implementing these recommendations, the resort can achieve its financial objectives while providing an enhanced experience for visitors. Regular evaluation, adaptation, and collaboration will be key to sustained success in a dynamic and competitive market.