

# Big Mountain Ski Resort Ticket Pricing

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SPRINGBOARD GUIDED CAPSTONE PROJECT

# Big Mountain Resort's Business Problem

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An additional chair lift has been installed which increases operating costs by \$1,540,000 this season. Given data on competitor ski resorts, can Big Mountain Resort raise ticket prices to cover the cost of the new lift?

The business has also asked how the four following scenarios effect ticket pricing:

1. Permanently closing down up to 10 of the least used runs. This doesn't impact any other resort statistics.
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
4. Increase the longest run by 0.2 mile to boast 3.5 miles length, requiring an additional snow making coverage of 4 acres

# Recommendation and key findings

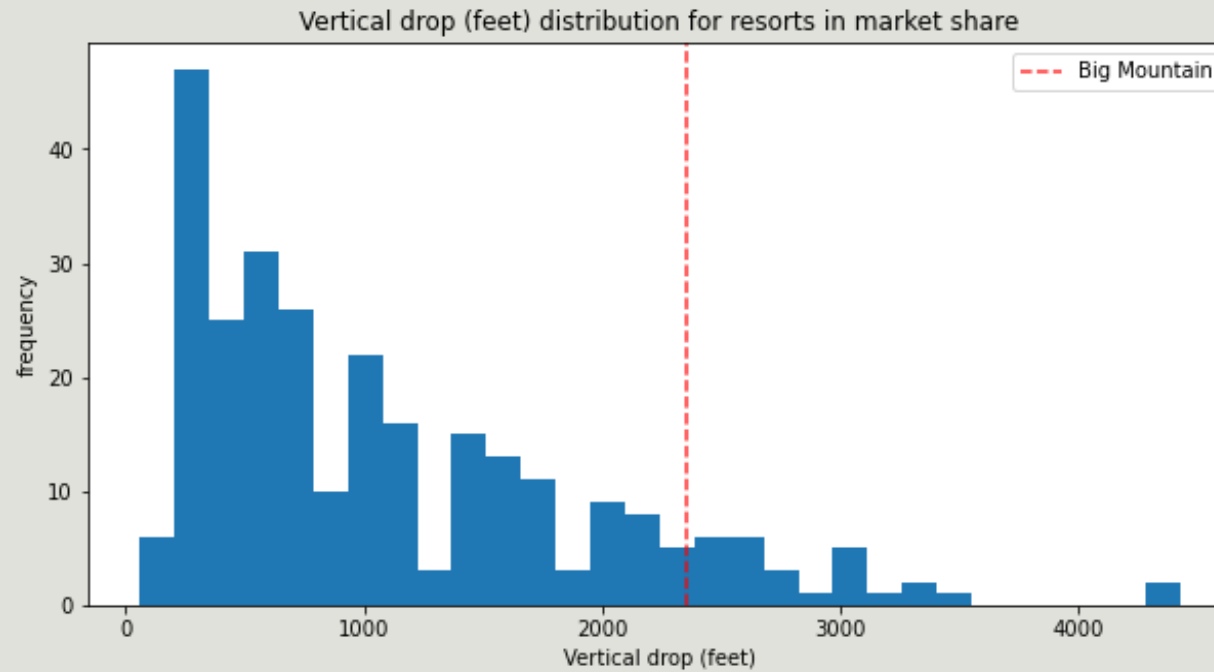
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- Big Mountain Resort's features support adult weekend ticket prices between \$85.48 and \$95.87
- Closing 1-10 runs changes ticket prices on a scale
  - 1 run makes no difference to ticket pricing
  - 2 reduces support for ticket price by \$0.40
  - 3-5 runs reduces support for ticket price by \$0.66
  - 6+ leads to a large drop in ticket pricing (> \$1.25) and revenue
- Increasing vertical drop, without making snow, increases support for ticket price by \$1.99. Over the season, this could be expected to amount to \$3,474,638 in revenue.
- Increasing vertical drop, while making snow, does not provide further revenue over the scenario without making snow.
- Increasing the length of the longest run does not impact ticket pricing.

# Modeling results and analysis

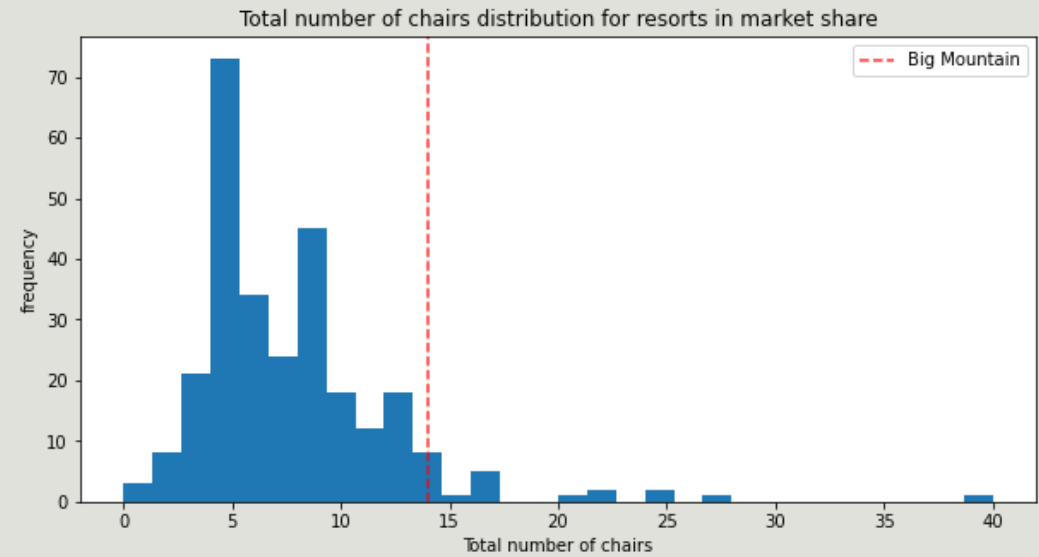
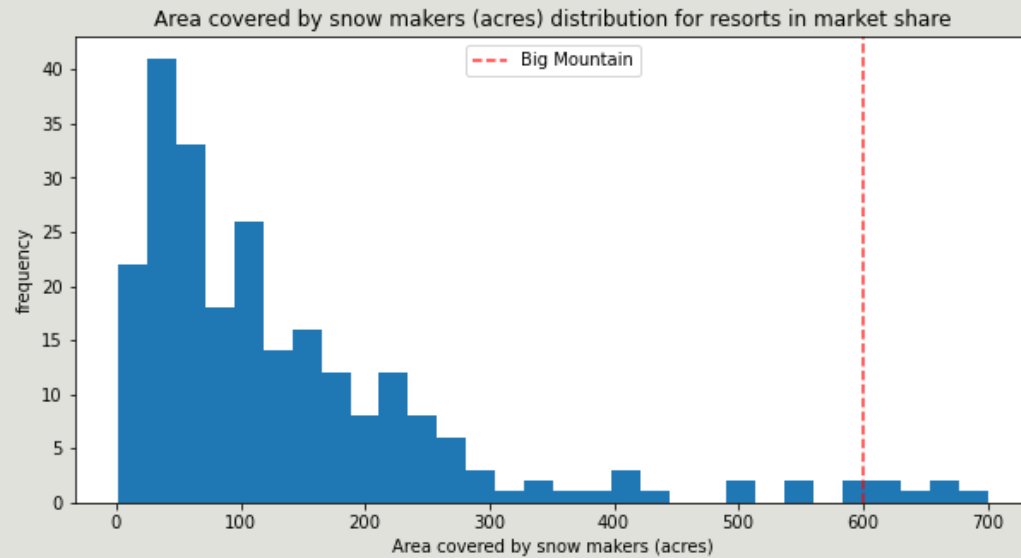
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The following graphs show where Big Mountain Resort falls in the market compared to their competitors. All features graphed are showed to be important to the market, and therefore, pricing.



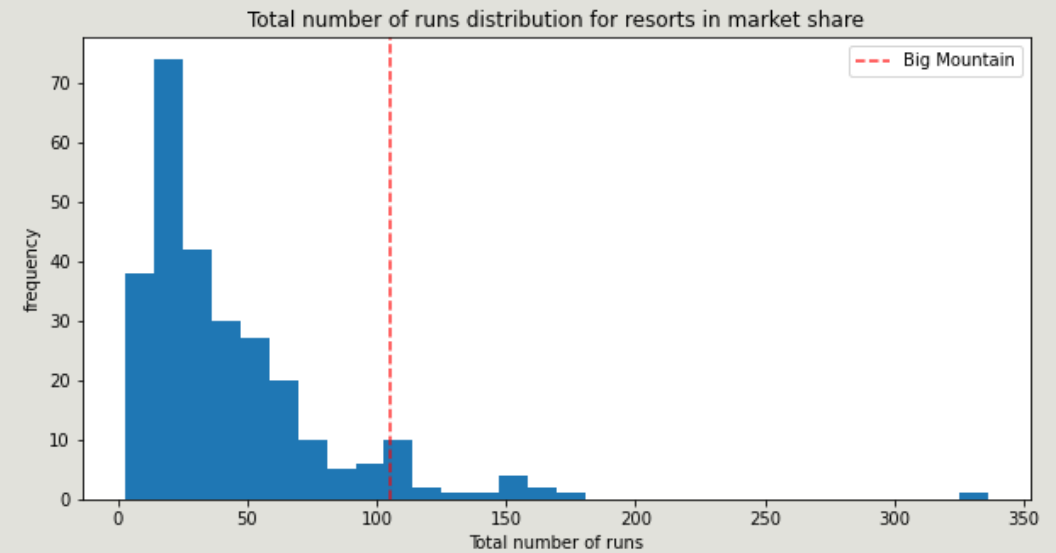
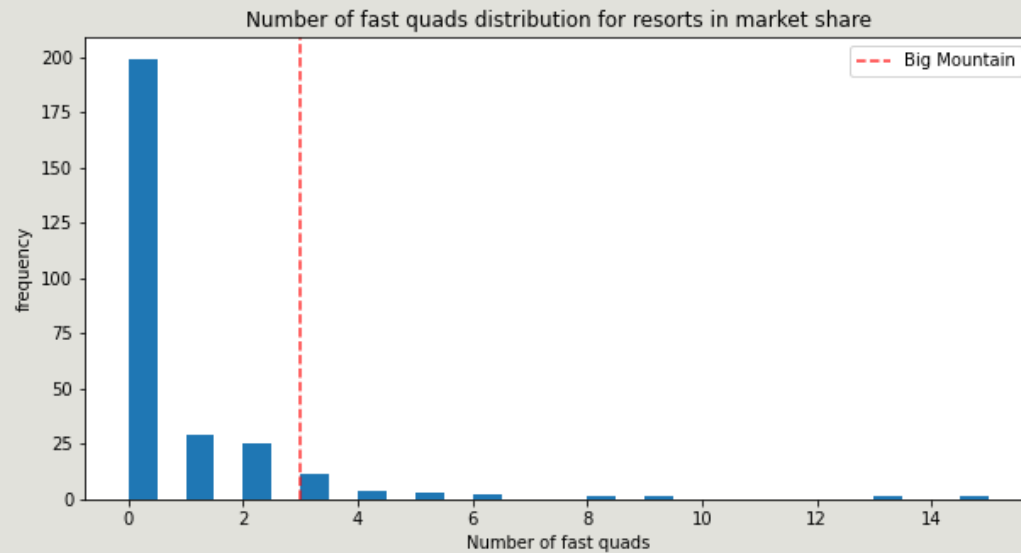
# Modeling results and analysis (cont.)

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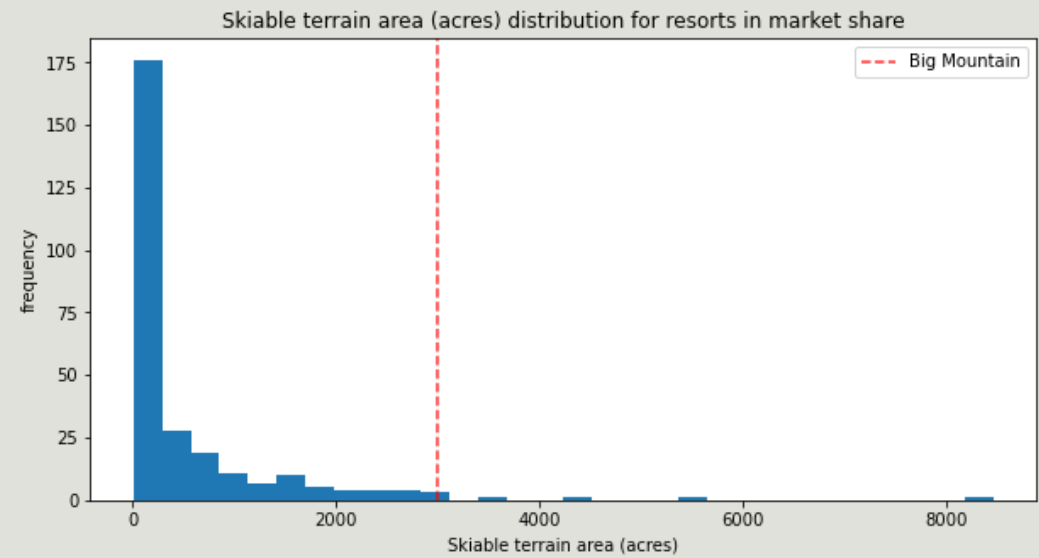
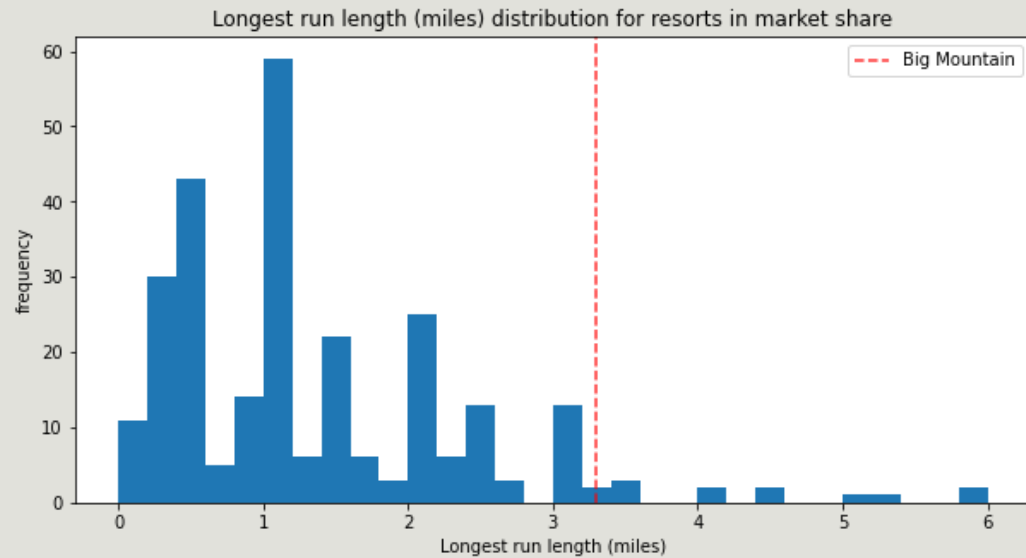
# Modeling results and analysis (cont.)

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# Modeling results and analysis (cont.)

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# Summary and Conclusion

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Big Mountain Resort has many features that appeal to the ticket-buying public. Currently the resort is undercharging for tickets and the market will support raising prices to between \$85.48 and \$95.87 for an adult weekend ticket.

To further increase ticket value, and therefore revenue, the resort could consider increasing the vertical drop.

Decreasing the number of runs could also be considered but without operating cost data, no recommendation can be made at this time.

Just by raising ticket prices, Big Mountain Resort will more than cover the additional operating costs of the new lift.