Guided Capstone Project Report

Big Mountain resort does well with an estimated 350,000 visitors annually and holds a prominent spot with regard to most metrics, when compared to it’s market segment. Nothing to scoff at by any stretch. But what if it could be even more? What if I told you, there was room for improvement? And not just a little, but a lot!

Currently Big Mountain charges $81 per ticket. It’s a little high for the market segment, right? I mean, It’s more than the average resort price of $64.17. One might assume that being priced more than $16.00 over the average is overpriced. And it makes sense when you compare Big Mountain to the average. Big Mountain however is not average. Big Mountain is not overpriced. In fact, Big Mountain is underpriced. And by a whopping $10.94 per ticket. Even if you took a very conservative look at the data, the most conservative pricing strategy, Big Mountain is still underpriced. So what can we do?

An increase of $10.94 would not have a material impact on the number of visitors. Using a value of 350,000 visitors, averaging 5 tickets per visit, that’s over 3.5 million dollars in revenue just sitting there on the slopes, waiting for Big Mountain to swoop in and take. Imagine what could be done with 3.5 million in additional revenue? Perhaps Big Mountain could add another chair lift and extend the longest slope. In fact, doing so would increase revenue even more.

Now on it’s own, adding the additional chair lift and increasing vertical drop would roughly make up for the cost of adding the additional chair lift, but if Big Mountain considered closing it’s least used run, it would save some operating costs without reducing ticket price. Closing more runs could result in a greater savings, but would come with a reduced ticket price, however that would more than be made up for by adding the additional length to the longest run.

My recommendation to Big Mountain is to essentially trade the three most unpopular runs to make it’s longest run more popular. Closing those runs will reduce ticket price by about $.88, and increasing vertical drop with an additional run and a chair lift to the run, key features for visitors, and recoup that lost revenue by supporting a ticket price increase of $.85, and the remaining $.03 would might be gained by reduced costs related to those maintaining those three most unpopular runs. Ultimately, the cost of the additional chairlift would be roughly equivalent to the increased revenue, however as a long term strategy, I firmly believe it to be the best one. Big Mountain would take an already heady advantage further, by improving on a key metric to visitors, making it even more popular than it already is, further justifying it’s price improvement to it’s established visitors.