

Guided Capstone Project Report

Big Mountain Resort offers spectacular views of Glacier National Park and Flathead National Forest and can accommodate skiers and riders of all levels and abilities. It's current ticket price of \$81 is due to the pricing strategy to charge a premium above the average price of resorts, i.e. \$63.81. But, the pricing model built after extensive data analysis suggested that it is completely reasonable to set the ticket price anywhere between \$83.83 and \$90. This is because, the analysis found that the following facilities mattered the most to the visitors :- vertical_drop, Snow Making_ac, total_chairs, fastQuads, Runs, LongestRun_mi, trams and SkiableTerrain_ac. As we can see below, Big Mountain offers best of these facilities in the market and so far it has not been capitalizing on them.

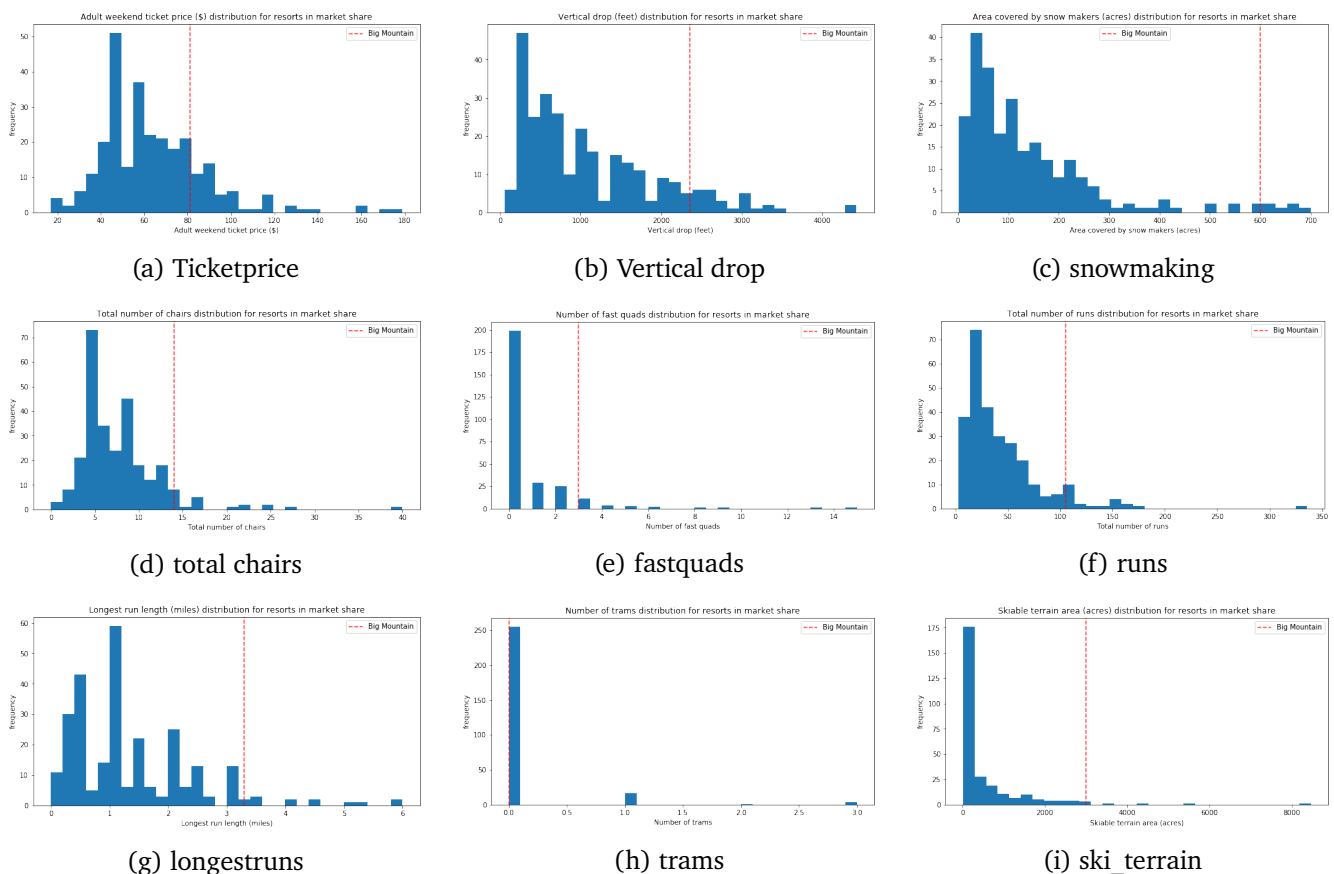


Figure 1: Big mountain Vs other resorts

The suggested ticket price comfortably covers the \$1,540,000 cost of operation of new chairlift, which averages to \$0.88 per ticket. The pricing model has the following to say about potential scenarios for either cutting costs or increasing revenue :-

1. Adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift increases support for ticket price by \$1.99. Over the season, this could be expected to amount to \$3,474,638.
2. Adding 2 acres of snow making in addition to the previous scenario increases support for ticket price by the exact same amount, hence, it appears that such a small increase in the snow making area makes no difference!
3. Increasing the longest run by .2 miles and guaranteeing its snow coverage by adding 4 acres of snow making capability makes no difference whatsoever according to the model.
4. Closing one run makes no difference. Closing 2 and 3 successively reduces support for ticket price and so revenue. If Big Mountain closes down 3 runs, it seems they may as well close down 4 or 5 as there's no

further loss in ticket price. Increasing the closures down to 6 or more leads to a large drop.

