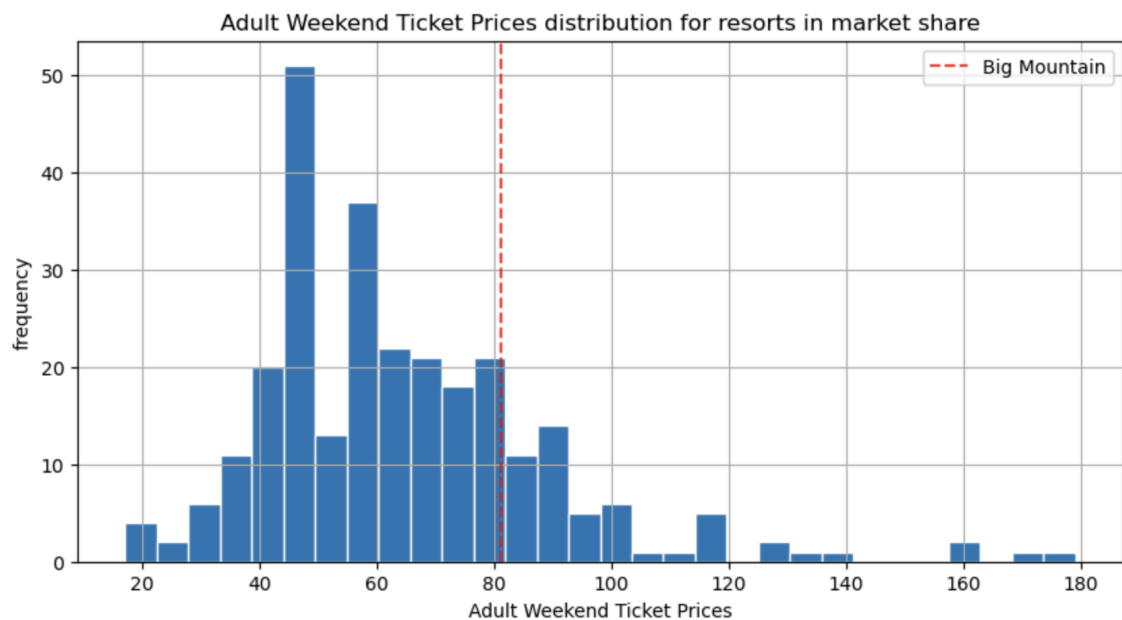


Big Mountain Resort Guided Capstone Report

Big Mountain Resort, a premier ski destination in Montana, faces challenges in optimizing its ticket pricing approach. Despite welcoming 350,000 annual guests and adding a new chair lift to distribute traffic more efficiently, the current premium pricing model may fail to fully leverage the resort's facilities solely based on market average. Rising operating expenses now totaling \$1,540,000, prompt the need for data-driven strategies guiding price determinations. The goal is to identify optimal rates, explore cost-reducing tactics, and potentially support a higher ticket cost. This report summarizes the outcomes of our data analysis and presents practical recommendations for enhancing ticket pricing and addressing operational concerns.

Our data-driven modeling uncovered a misalignment between Big Mountain's current ticket price of \$81.00 and its predicted market value. The model suggests an opportunity for the resort to increase ticket prices to \$89.87 without sacrificing competitiveness. This adjustment reflects the premium offerings and superior facilities compared to both national and local competitors.

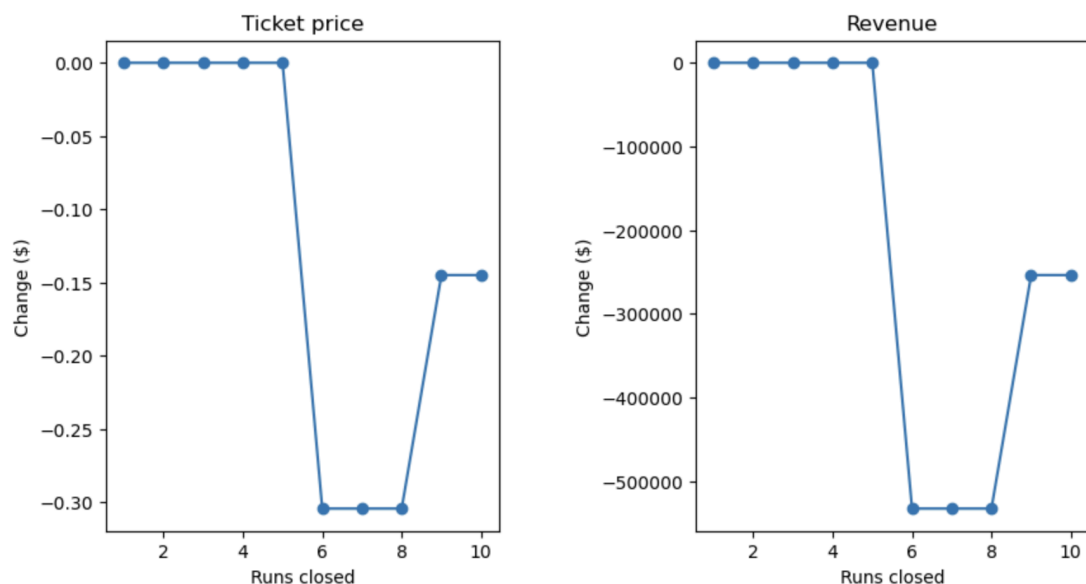


While the new chair lift incurs an additional operating cost of \$1,540,000, our analysis indicates that the potential revenue increase from adjusted ticket prices could offset this expense. The estimated additional operating cost per ticket, at \$0.88 for

visitors purchasing five-day tickets, can be strategically absorbed through price adjustments.

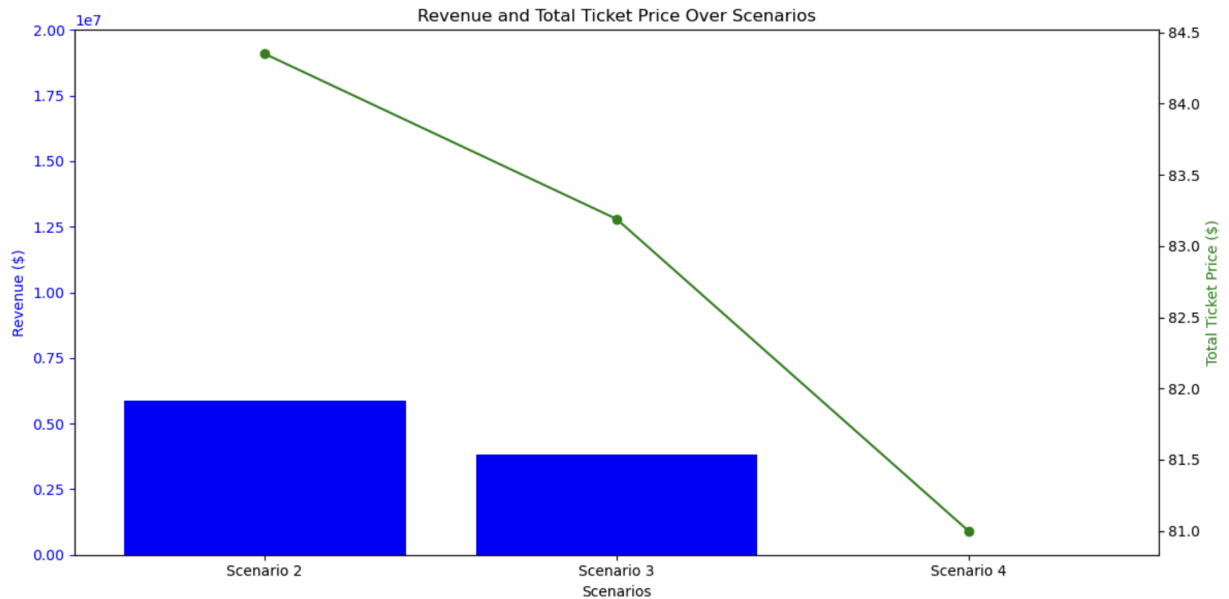
Various scenarios were explored, including run closures and facility enhancements, to understand their impact on ticket prices and revenue. Key findings include:

- **Scenario 1:** Closing one run makes no difference to ticket price support. Closing 2 and 3 successively reduces support for ticket price and revenue. Closing 4 or 5 runs does not result in further loss of ticket price. Closing 6 or more runs leads to a significant drop in support for ticket price.



- **Scenario 2:** Adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift. This scenario increases support for ticket price by \$3.35. Over the season, this could be expected to amount to \$5858696
- **Scenario 3:** In this scenario, you are repeating the previous one but adding 2 acres of snow making. Implementing a comprehensive scenario involving adding a run, increasing vertical drop, and installing an additional chair lift could support a \$2.19 increase in ticket prices, translating to an estimated revenue increase of \$3,829,710.

- **Scenario 4:** This scenario calls for increasing the longest run by .2 miles and guaranteeing its snow coverage by adding 4 acres of snow making capability. This model had no change in revenue.



Drawing on the analysis, our recommendations encompass immediate actions and strategic considerations:

- Implement an immediate ticket price adjustment to \$89.87 to capture potential revenue and align with market estimates.
- Strategically promote the resort's premium offerings to enhance perceived value and justify the ticket price increase.
- Evaluate facility enhancements, including adding a run and improving vertical drop, to further augment ticket prices and revenue.

To enhance future analyses, we suggest gathering more data on operating costs, customer preferences, and competitor strategies. This broader dataset will provide a more detailed understanding of cost structures and market dynamics. To support sustainability, we propose creating a user-friendly tool or dashboard that allows business analysts to explore various scenarios and pricing strategies independently. Thorough training and documentation will be crucial for the effective use of the model.

In conclusion, Big Mountain Resort has the opportunity to optimize its pricing strategy and increase revenue. By aligning ticket prices with market estimates and strategically enhancing facilities such as increasing vertical drop, adding a run, and installing an additional lift chair, could position the resort as a premium destination in the competitive ski resort landscape. Ongoing monitoring and adjustment of the model will be crucial for staying up to date with changing market conditions.