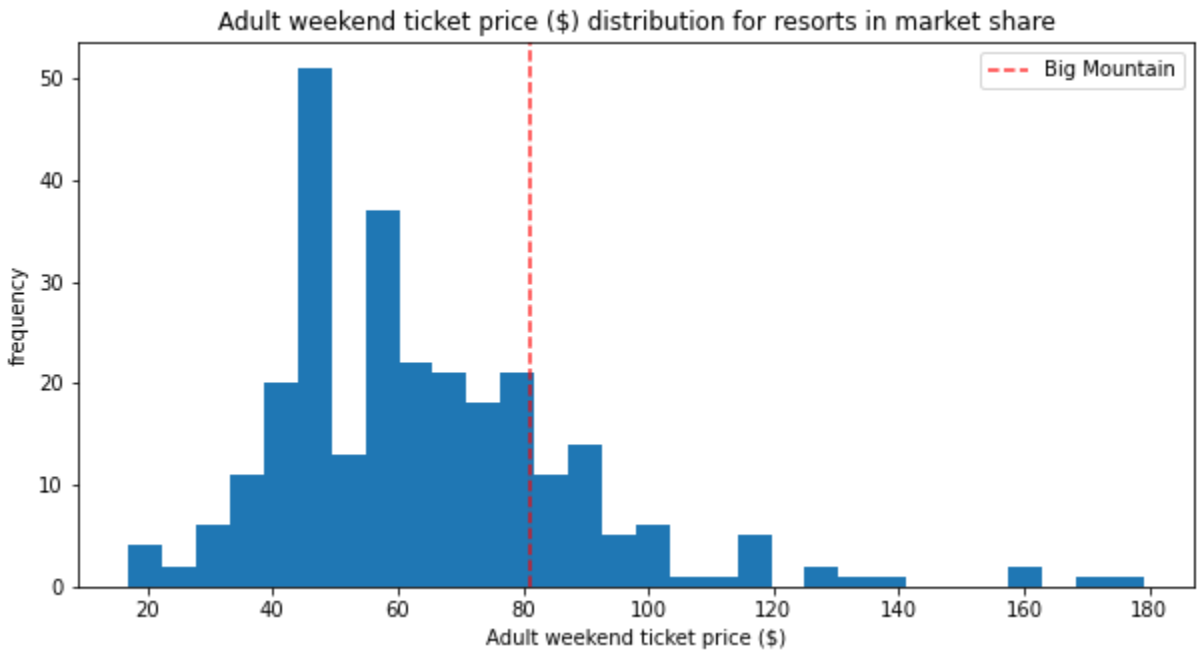
Recommendations for Big Mountain Resort

Big Mountain Resort's current pricing strategy is based on the average prices of comparable resorts. Our goal was to analyze available data and find better pricing strategy, as well as gain some insight into what resort features affect ticket prices the most. We also wanted to see if there is room to either raise the current ticket price or cut operating costs.

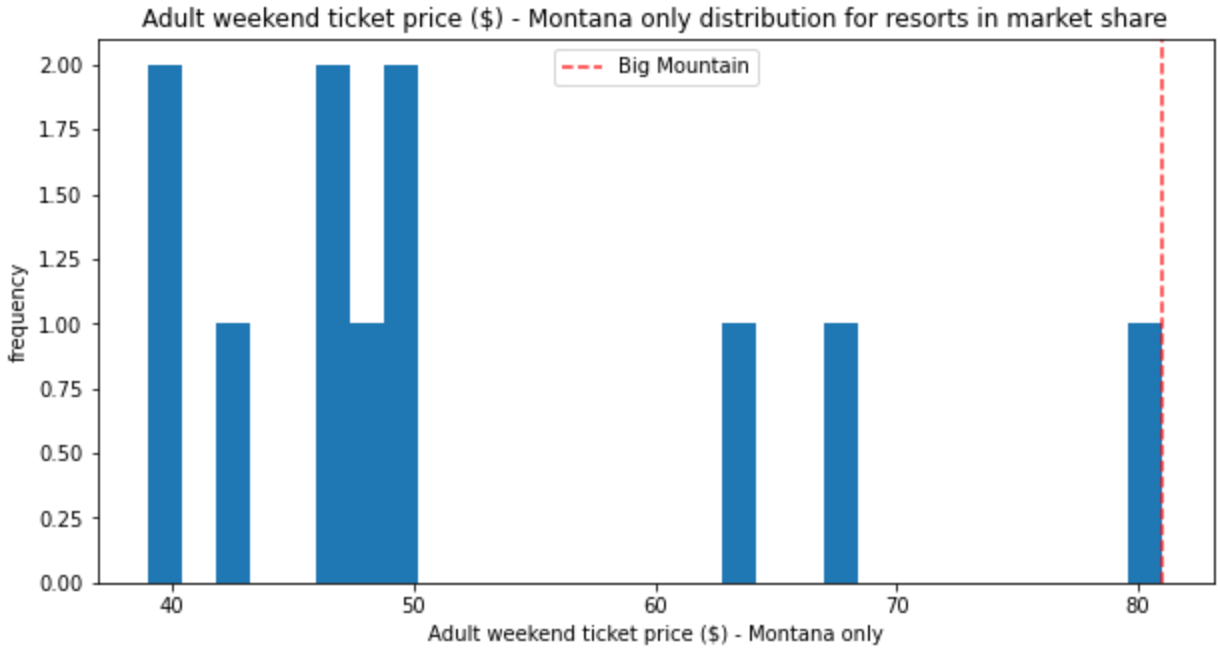
Using data that contained information on 330 ski resorts in the US that are part of the same market share, including Big Mountain Resort, we determined that the price has room for an increase from the current price of $81 up to $95.87, predicted by our model. The model's results were compared to the average value. Using the model we were able to predict a ticket price within $9. In contrast, using the average value was within $19 of the actual values.

Features found to influence ticket price the most are vertical_drop, Snow Making_ac, fastQuads, Runs, total_chairs, trams and SkiableTerrain_ac.

First we will examine adult weekend ticket price distribution of all resorts in the market.



Big Mountain resort pricing is near the middle compared to other resorts. However, looking at just Montana, our price is one of the highest compared to other resorts in the state.



Big Mountain resort ranks among the highest when it comes to vertical drop, our snow making area, the total number of chairs, fast quads and runs. We don't have any trams, which is the same for most resorts.

We are given four possible options to either cut costs or support higher ticket prices, which include a combination of closing up to 10 of the least used runs, adding a run, increasing vertical drop, installing additional chair lifts, adding 2 acres of snow making or increasing the longest run by .2 miles and adding 4 acres of snow making.

Using our model, we have tested all the options and were able to determine how they affected the ticket price. Since the last two options that included adding a few more acres of snow making and increasing the longest run did not make any significant impact on the predicted ticket price, they are not recommended.

One effective strategy to lower operating costs includes either closing only one run, which will not decrease the revenue, or close 5 runs. The revenue will be reduced, but the effect will be the same for 2-5 runs. Closing 6 or more runs will decrease the revenue even more.

There was support for an $8.61 price increase (which is $15,065,471 for the season) if we added a run, increased vertical drop by 150 feet and installed an additional chair lift. In addition to these changes, adding 2 acres of snow making will support an even bigger price increase of $9.90 (amounting to $17,322,717 for the season).

All of the above changes need to be further evaluated based on their operating costs to find the most cost effective strategy.