Big Mountain Ski Resort

Ticket Price

Problem Identification

Installation of new chairlift = $1.54 million dollars in operating costs.

How can we mitigate this cost by increasing ticket price?

Is there room for an increase in ticket price?

Are there any expenses that can be cut in order to reduce costs?

Recommendations and Key Findings

Current price of ticket for Big Mountain Ski Resort is $81

An increase in price to $90-$95 is competitive.

Would increase the average total revenue to **$15,750,000-$24,500,000**

Big Mountain Ski Resort offers a variety of features that justify this price.

Modeling Analysis: Average Price vs. Linear Regression vs. Random Forest

Average Price : $63

- Mean Absolute Error: $19

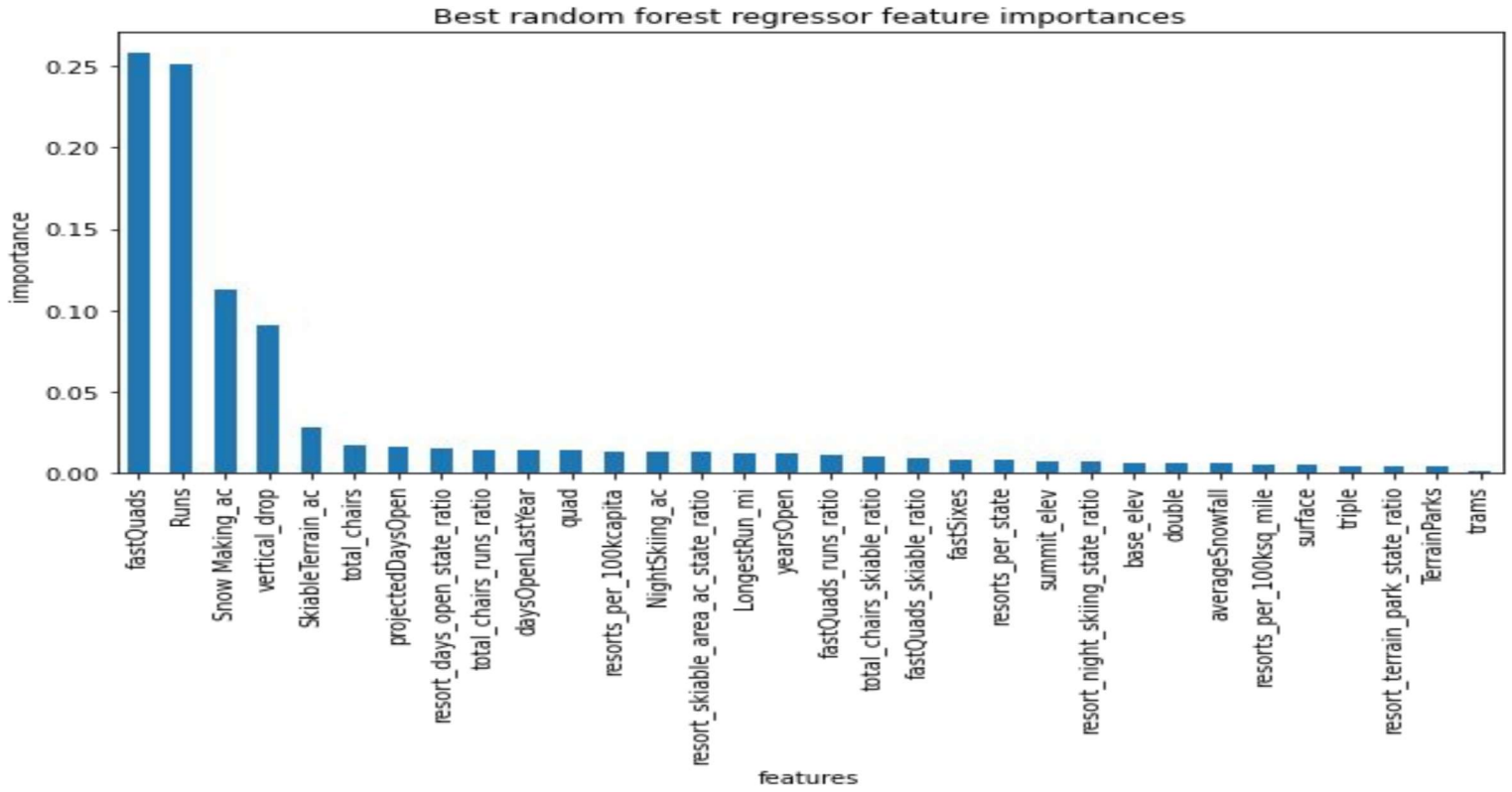
Linear Regression Price: $

- Mean Absolute Error : $10.50

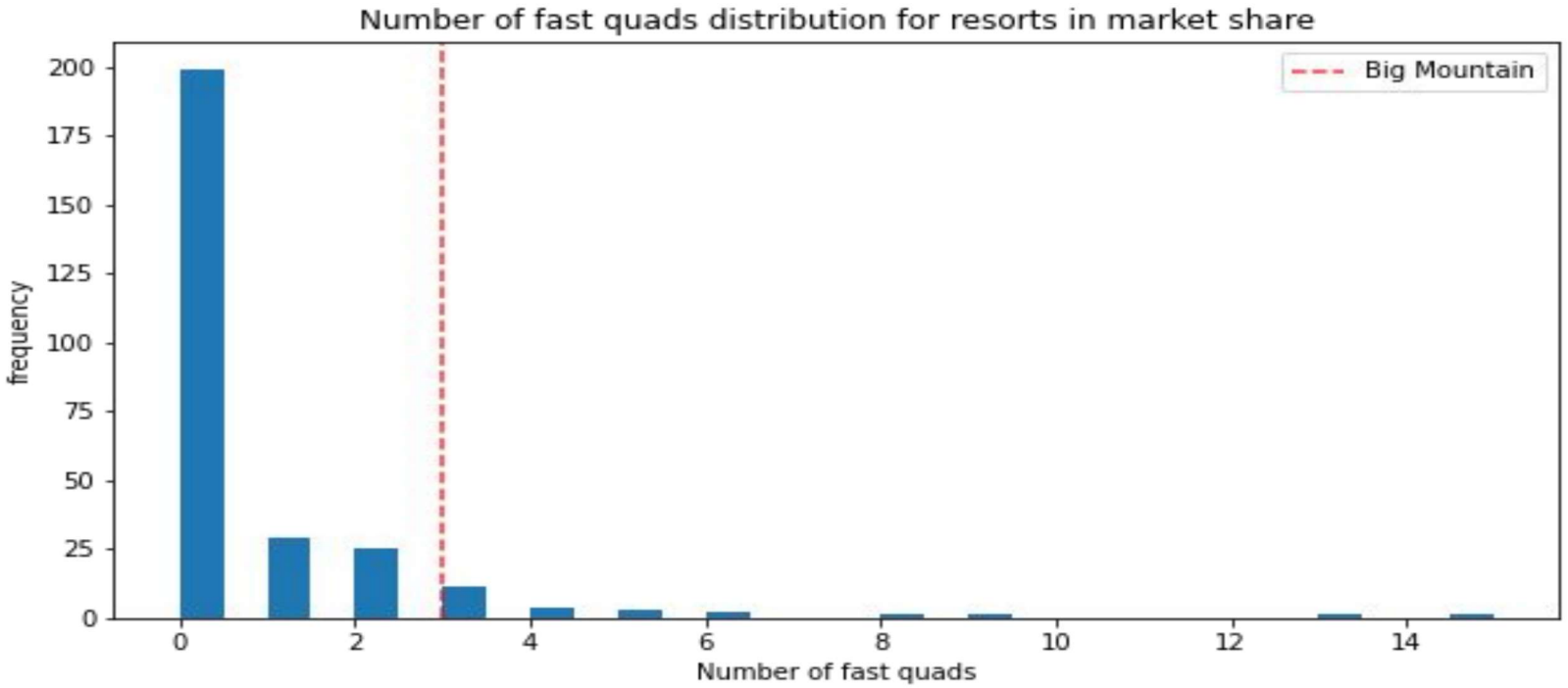
Random Forest Price: $95.87

- Mean Absolute Error: $9.64

Best Random Forest Feature: Fast Quads



Modeling Results: Big Mountain Fast Quads



Modeling Results: Big Mountain Features

Fast Quads : the majority of resorts have no fast quads, big mountain has 3, putting it high up in the table

Runs: big mountain has more runs than the majority of resorts

Snow Making Acres: very high up in the snow making area

Vertical Drop: big mountain has a greater vertical drop than more than 50% of resorts nationwide.

Skiable Terrain: Big Mountain is amongst the resorts with the largest amount of skiable terrain

Total chairs: among the highest number of total chairs, resorts wit more appear to be outliers

Conclusion

- Increasing the ticket price from $90-$95 would increase yearly level by $15,750,000-$24,500,000 (assuming that every person stays for 5 days).
- Big Mountain offers more than enough features to justify the price increase.
- The data supports price increase, even taking error into consideration.
- This would completely mitigate the operating cost of installing a new chairlift.