

# Guided Capstone Project Report

## **Introduction:**

Pricing is an important aspect of any business, and it can have a significant impact on revenue and financial performance. For ski resorts, ticket prices are a key source of revenue, and it is critical for resorts to carefully evaluate their pricing strategies to achieve the best possible financial results.

Throughout this report, we analyzed the current pricing strategy for Big Mountain Resort and provided recommendations for improving the resort's financial performance by increasing revenue by optimizing the pricing strategy. We analyzed market data and used a model to predict the ticket price that the resort could sustain based on its facilities and amenities. We also considered other pricing scenarios, such as expanding the resort's facilities.

In this report, we will provide an in-depth analysis of the current pricing strategy for Big Mountain Resort, as well as our recommendations for optimizing the resort's pricing. We will also discuss the potential impacts of different pricing scenarios on demand, revenue, and the resort's financial performance, and provide next steps for implementing the recommendations outlined in this report.

## **Analysis of Current Pricing Strategy:**

At Big Mountain Resort, tickets currently cost \$81. However, to evaluate the resort's current pricing strategy, we analyzed market data and used a model to predict the ticket price that the resort could sustain based on its facilities and amenities. Our model considers a variety of factors that may impact the value of a ski resort to consumers, such as the vertical drop, snow-making area, number of chairlifts and runs, and length of the longest run. By analyzing the data on these and other factors, the model can generate a prediction of the ticket price that the resort could sustain based on its facilities and amenities.

The model predicts that the price of Big Mountain Resort will be \$95.87, which is higher than the current price of \$81. This suggests that there may be room for the resort to increase its ticket price to increase revenue and improve its financial performance.

To better understand the potential impacts of a price increase, we compared the current ticket price to the model prediction and the prices of other resorts. By doing this, we were able to evaluate the competitive position of Big Mountain Resort and determine whether the current price was in line with the prices of other resorts with similar facilities and amenities.

Overall, our analysis suggests that the current ticket price for Big Mountain Resort may be lower than what the resort could sustain based on its facilities and amenities. This suggests that there may be potential for the resort to increase its ticket price to optimize its pricing strategy and improve its financial performance.

### **Recommendations for Pricing Strategy:**

Based on our analysis, we recommend that Big Mountain Resort increase its ticket price to the level predicted by our model (\$95.87). This would increase revenue and improve the resort's financial performance.

However, it is important to carefully consider the potential impacts of a price increase on demand and revenue. Factors to consider may include the resort's competitive position, the overall state of the economy, and the ski industry, as well as the potential impact on customer satisfaction and loyalty. In addition, it will be necessary to consider the resort's operating costs and other financial factors when determining the appropriate ticket price.

In addition to increasing the ticket price, the resort could consider other pricing scenarios that would improve its financial performance. For example, the resort could consider expanding its facilities, such as adding new runs, vertical drops, and total chairs, which would provide more value to customers and justify a higher ticket price. This scenario would increase support for the ticket price by \$1.99 over the season. This could amount to \$3,474,638 over the season.

### **Conclusion:**

In conclusion, our analysis suggests that there may be potential for Big Mountain Resort to increase its ticket price to optimize its pricing strategy. By increasing the ticket price to the level predicted by our model (\$95.87), the resort has the potential to increase revenue and improve its financial performance. However, it is important to carefully consider the potential impacts of such a price increase on demand and revenue, as well as the resort's operating costs and other financial factors.

In addition to increasing the ticket price, the resort could consider other pricing scenarios, such as adding new runs, vertical drops, or total chairs. These may improve the resort's financial performance.

Overall, optimizing the pricing strategy for Big Mountain Resort will require careful analysis and consideration of a range of factors, including market conditions, consumer demand, and the performance of other resorts. By following a data-driven approach and continuously evaluating and adjusting the pricing strategy, the resort can optimize its pricing to maximize revenue and improve its financial performance.

### **Next Steps:**

To implement the recommendations outlined in this report, the following next steps are suggested:

Gather additional data on market conditions, consumer demand, and the performance of other resorts; analyze the potential impacts of different pricing scenarios on demand, revenue, and the resort's financial performance; work with business leaders to develop and implement the optimal pricing strategy for the resort; create a tool or application that business analysts can use to easily input different parameter values and see the resulting ticket price predictions; and monitor the results of any pricing changes.