Big Mountain Resort Analytics

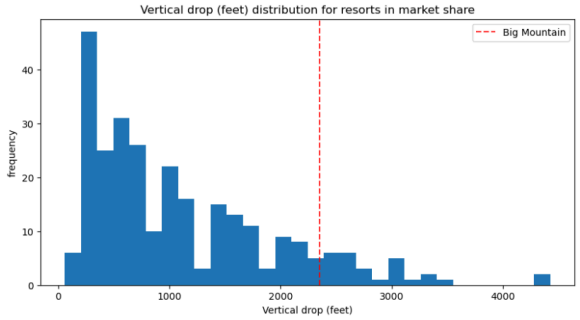
Problem Statement & Summary

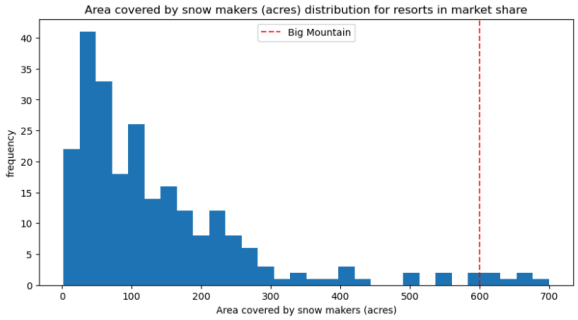
Big Mountain Resort recently added a new chair lift to its operations, increasing operating costs by $1,540,000 per season. Although the resort charges a premium above the average price of resort tickets across the U.S, this does not correlate with its above average facilities. How can Big Mountain Resort offset the operating cost increase caused by adding the new chair lift this season by altering its pricing strategy or operating costs?

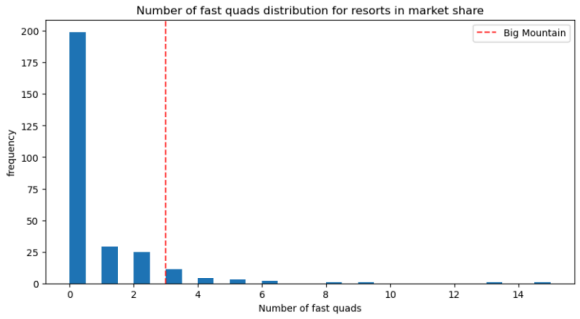
There are a number of resort facilities and features which correlate with ticket prices. Some of these include the number of fast quad lifts, snow making coverage, and the number of runs. When using features like this to model price, we found that Big Mountain could be charging up to $102.18 per ticket, with a $10.24 error margin.

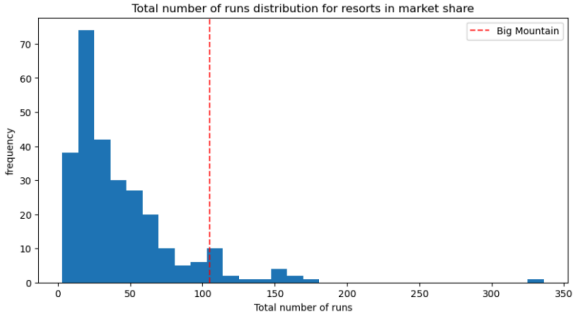
Big Mountain's Facilities

Here are some charts reinforcing that Big Mountain is above average when it comes to facilities which really drive up ticket prices:





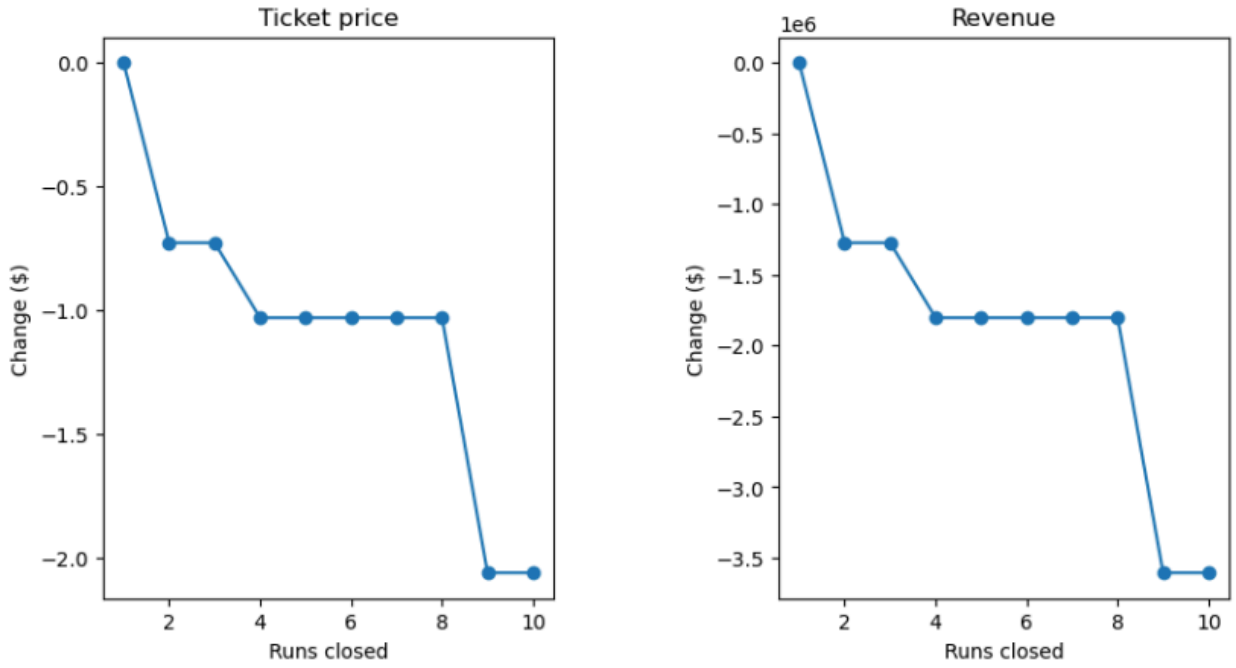




Proposed Scenarios

Closing Down Runs

One scenario was to close down up to 10 of the least used runs. The following charts reflect the change in ticket price as runs are closed:



Clearly closing down runs will reduce support for higher ticket prices.

Adding a run, increasing vertical drop, and installing additional chair lift

In this scenario, one run is added, the length of the longest run is increased by 150 , and another chair is added to bring skiers back up from the new run. This scenario increased support for ticket price by $1.58, resulting in an overall revenue increase of $2,757,576 dollars.

Repeating previous scenario and also adding 2 acres of snow making

In this scenario, the resort is still implementing the previous changes while also increasing snow making capability to 2 more acres. This scenario also increases ticket support by $1.58. Increasing the amount of snow making capability did not have any effect on the price at all, while probably also adding alot of overhead.

Conclusion

With Big Mountain's current facilities, it can charge up to $21 dollars more for tickets. Other scenarios which will similarly increase support for higher ticket prices, while cutting operational costs, can be explored with our model.