A close up of a sign

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**Guided Capstone Project Report – Big Mountain Sky Resort**

Executive Summary

An analysis of how our Adult Weekend pricing compares to national ski resorts was completed. The results suggest that increasing our adult weekend admission price by $9.73 could recoup this year’s $1.54 million investment. However, other metrics (i.e. how our pricing compares to Montana resorts, as well as resorts in all neighboring states) give pause and suggest the need for further research.

The question

Can Big Mountain recoup the $1.54 million investment of this season by increasing admission costs in order to maintain a business profit margin of 9.2%?

Scope  
  
This report focuses on a single parameter of interest: the price for Adult Weekend tickets. A predictive model has been prepared that allows us to calculate how much we could charge given our resort’s characteristics in relation to national tendencies.

Analysis

Ski resorts in the United States were grouped in three clusters according to similarity in key features. The most important variable that is related to Adult Weekend pricing is a resort’s Summit Elevation. As the following figure demonstrates, our resort’s pricing (represented in blue) is currently on the higher end of our cluster group with summit elevations between approximately 4,000 and 8,000 feet.

A close up of a map

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Our model predicts that we could increase our weekend adult pricing from the current price of $81.00 to $90.73, taking into account national averages. Doing so, would impact revenue in the following ways:

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A close up of a mans face

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The figure above indicates that a gross revenue of $1.54 million dollars will be recouped once the weekend adult visitor figure reaches approximately 160,000 visitors.

Recommendations

Despite the findings reported so far, our current regional pricing—both within Montana and within our neighboring states (Wyoming, North Dakota, South Dakota, Nebraska, and Idaho)—is much more expensive than the average:

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For this reason, further research is recommended along the following lines:

1. While we can project open days for the next season and include them in our calculations of future visitors, increasing our snow-making capabilities would allow us to have more control over opening days. A study of the relationship between snow machines and revenue is in order.
2. We are already the most expensive resort in Montana, and the second most expensive resort in the area. This suggests that our customers are loyal and that we offer an experience worth the admission ticket. A market study of the reasons for our customers’ loyalty and their tolerance with our pricing fees is in order.