

# Ticket Prices at BMR

Market analysis of price changes and cost-cutting

# The problem

## Company

Big Mountain Resort is a premier ski destination located in Montana. It's natural features and installed offerings make it a stand-out in the area, and nationally.

## Context

More about Big Mountain Resort:

- Located in Montana
- Summit elevation: 6,187 ft. / Vertical drop: 2,353 ft.
- Over 350,000 annual visitors pay \$81 for a weekend adult ticket

## Problem statement

Despite already utilizing a premium pricing structure, BMR may be undercharging for tickets based on what its ski experience is really worth.

# Recommendation

Raise ticket prices

Our modeling indicates that raising prices by about **\$13** for a weekend adult pass will raise revenue without upsetting customer appetite.

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# Approach & analysis

# Building & selecting a model

## Initial Analysis

We added important state-level data on population and resort density to augment our initial data set containing information about natural and man-made resort features.

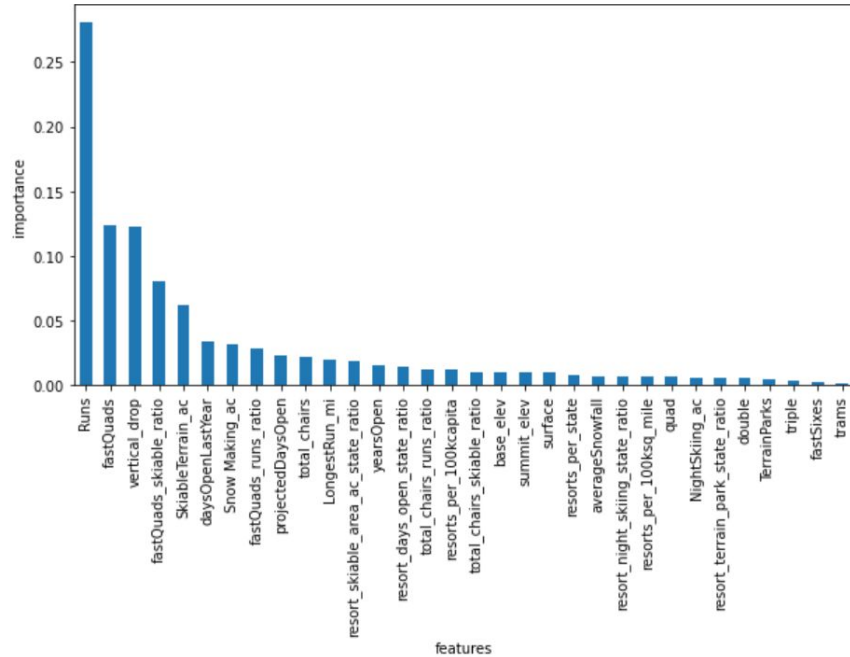
## Building The Model

We tested a sample of data against known results in several different models to find the one that best predicted ticket prices, using resort features as inputs.

## Determining Results

We used the model to calculate the **market-supported ticket price** and compared it with the **current BMR ticket price**, discovering room to raise price.

*Feature importance in the random forest model*

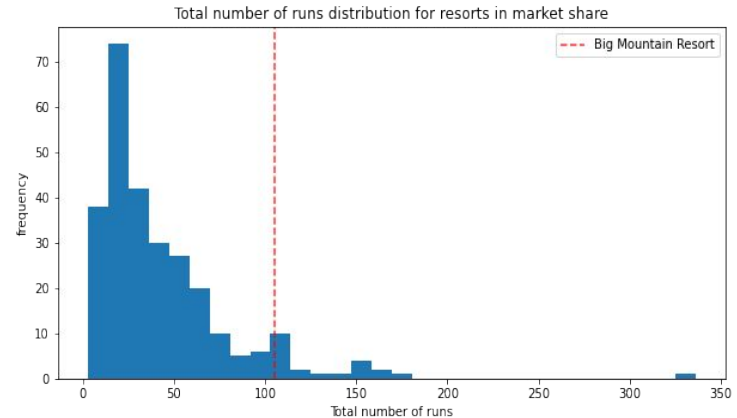
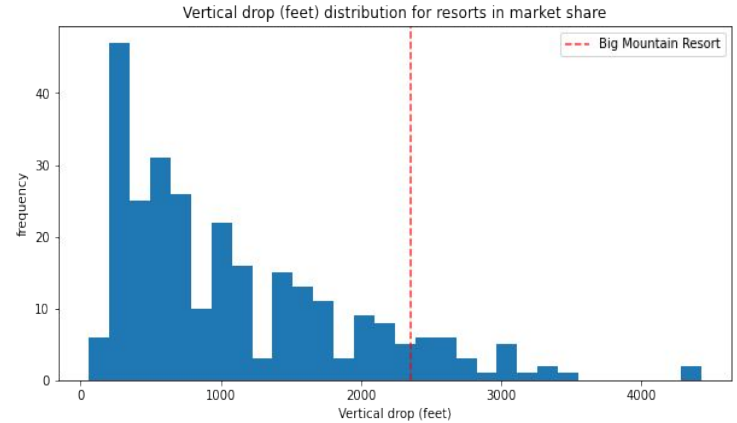


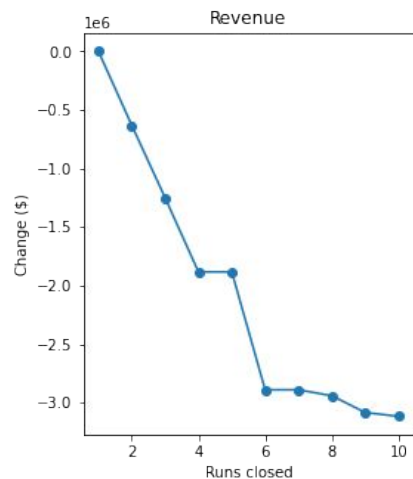
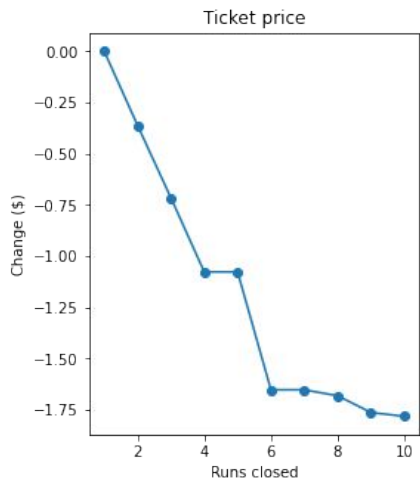
Our “random forest” model assessed the known features of all the resorts in the data set and used their apparent influence on ticket price to develop a ranking of feature importance.

Aspects like number of ski runs and vertical drop ranked highly.

We also found that BMR ranked near the top of the market for many of the features deemed most important by our model.

Just as BMR leadership predicted, it is the resort's premier offerings that make it a more attractive option to high-end clients.





These results have important implications for other changes BMR may be considering to cut costs or expand services.

For instance, we found that closing two or more runs may have an increasingly detrimental impact on BMR's ability to justify ticket prices.

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# Summary

# Conclusion

Raise ticket prices

BMR leadership should consider increasing ticket prices.

Additionally, BMR should consult a model like this prior to reducing or expanding offerings important to customer demand.

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