

Big Mountain Resort

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PROBLEM

Big Mountain Resort has recently installed an additional chair lift to help increase the distribution of visitors across the mountain. This additional chair increases their operating costs by \$1,540,000 this season.

The business wants some guidance on how to select a better value for their ticket price. They are also considering a number of changes that they hope will either cut costs without undermining the ticket price or will support an even higher ticket price.

Key Findings

Big Mountain Resort's actual ticket price is \$81.

From the best model to determine ticket prices, the predicted price for Big Mountain should be \$94.45.

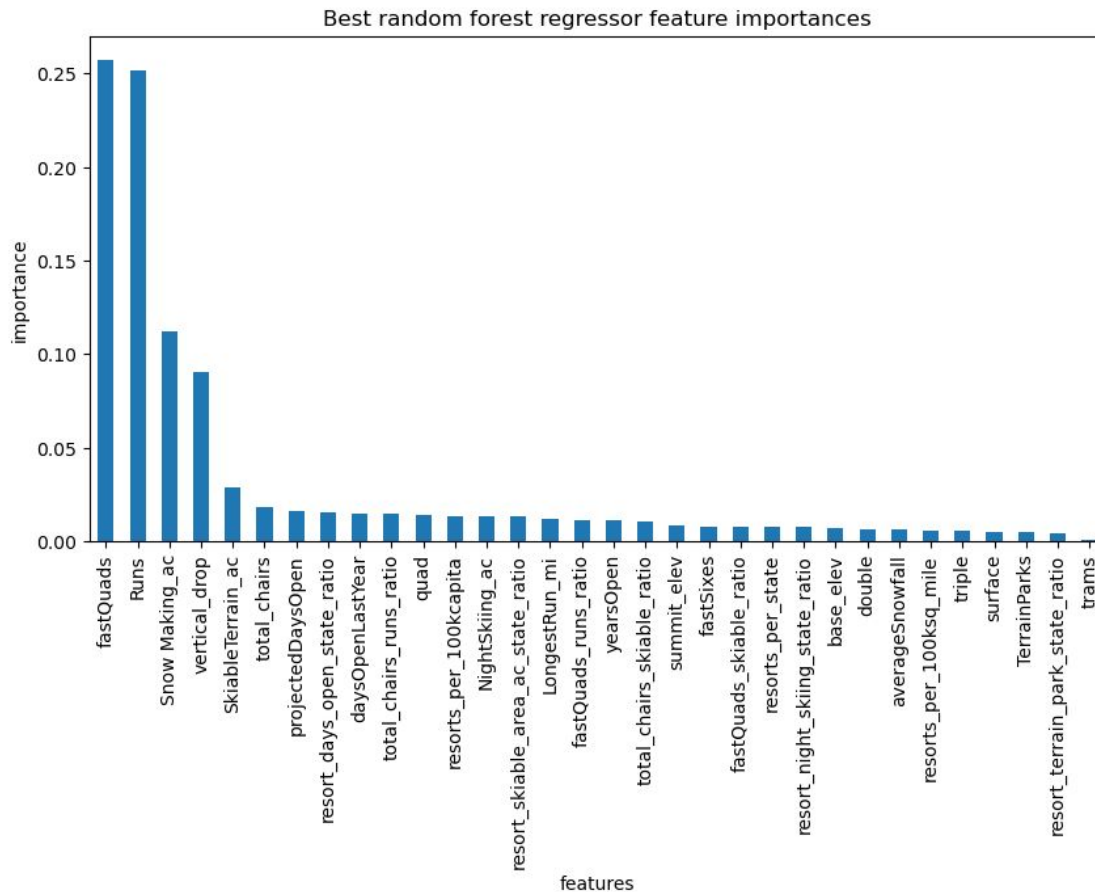
With the expected mean absolute error of \$10.39, there still is room for an increase in ticket price.



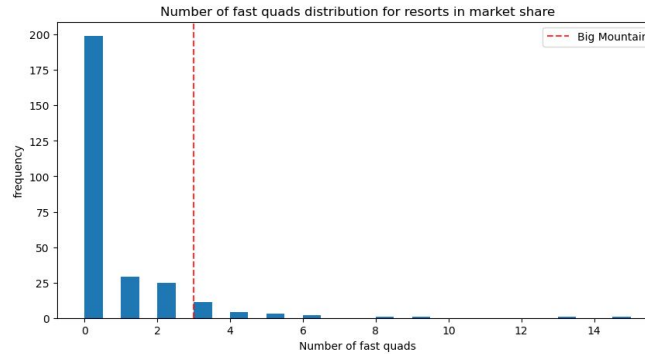
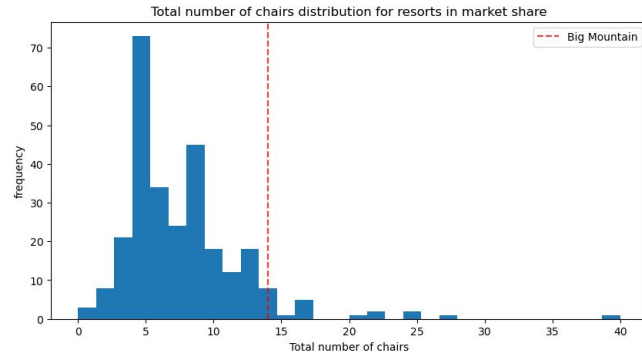
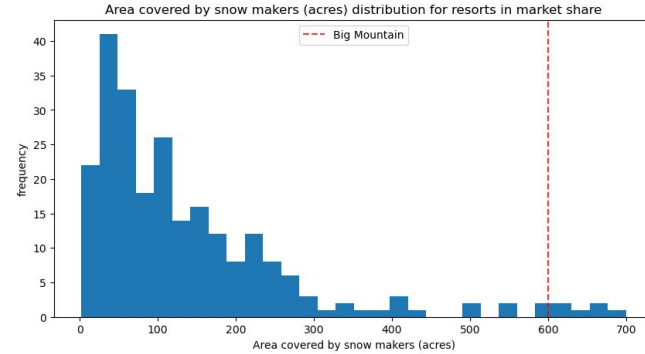
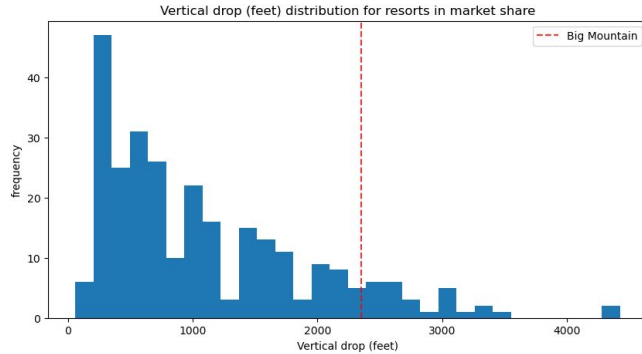
Key Features

From the best model for predicting ticket prices, we can determine the top features as shown in this figure.

Fast quads, runs, snow making, vertical drop, skiable terrain and total chairs are the top features.

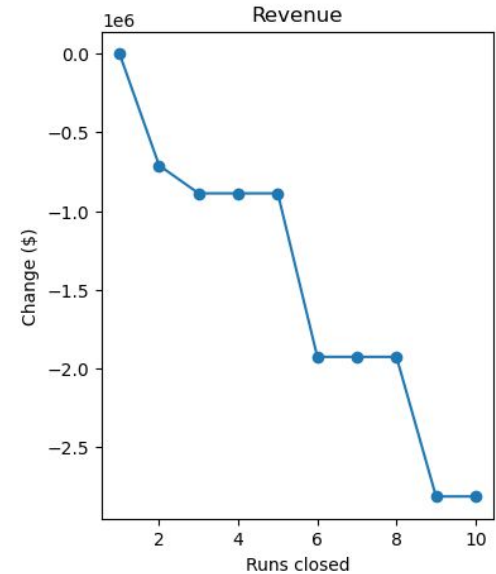
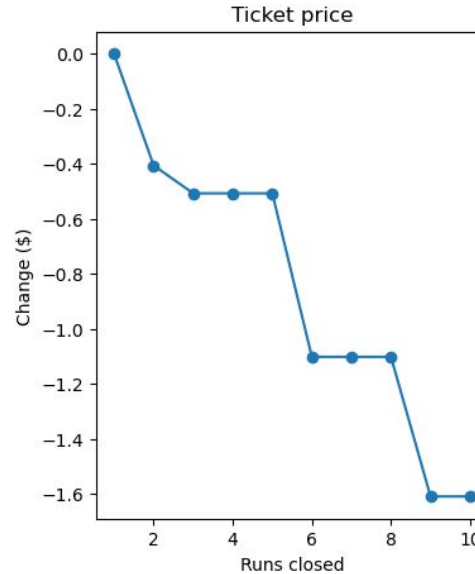


Where is Big Mountain Resort in relation to the other resorts for the top features.



SCENARIO 1 - Closing down runs on the mountain.

- Closing 1 run shows 0 change in revenue.
- Closing 3-5 runs shows a decrease of almost one million dollars in revenue.
- Closing 6-8 runs shows a decrease of almost two million dollars in revenue.



SCENARIO 2-4

- A. Scenario 2: Adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift.
 - a. Increase ticket price by \$9.52.
 - b. Increase of \$16,663,043 over the year.

- B. Scenario 3: Adding a run, increasing the vertical drop by 150 feet, installing an additional chair lift, and additional 2 acres of snow making.
 - a. Increase ticket price by \$10.49
 - b. Increase of \$18,362,319 over the year.

- C. Scenario 4: Adding .2 miles to the longest run and additional 4 acres of snow making capability.
 - a. 0 change.

CONCLUSION

- Our best model shows there is room to increase the ticket price without adding or removing anything.
- Could look into closing 5 runs if the savings on doing so supports the decrease in revenue.
- Could look into adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift.

