Market Analysis & Price Recommendations.

Big Mountain Resort

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November 2020

Problem

Select a better value for ticket price which capitalizes on facilities instead of market average.

Big Mountain Resort Key Facts

- Spectacular views of Glacier National Park and Flathead National Forest
- 105 trails
- 11 lifts
- 2 T-bars
- 1 magic carpet for novice skiers.
- 3.3 mile longest run.
- Base elevation 4,464 ft,
- Summit 6,817 ft
- Vertical drop of 2,353 ft.
- 350,000 visitors
- Accommodate skiers and riders of all levels and abilities.

Key Findings

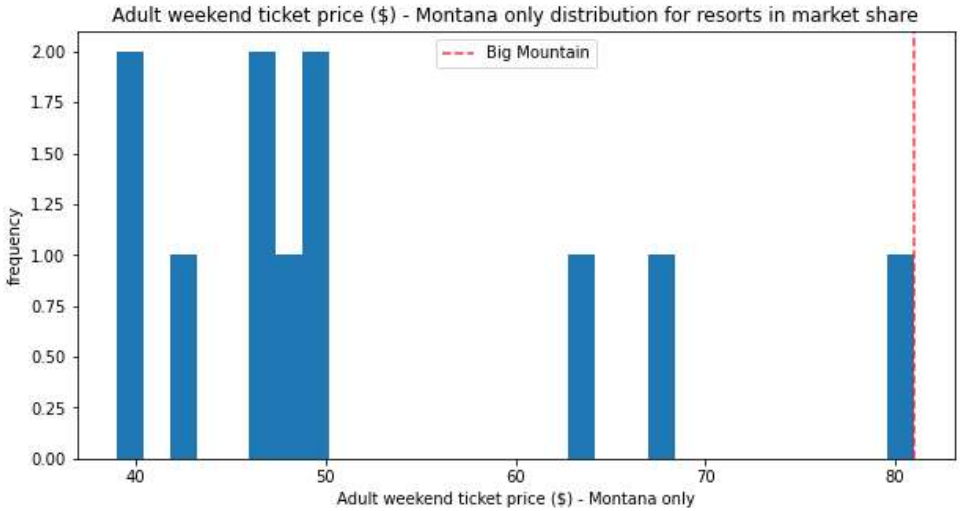
Features that matter:

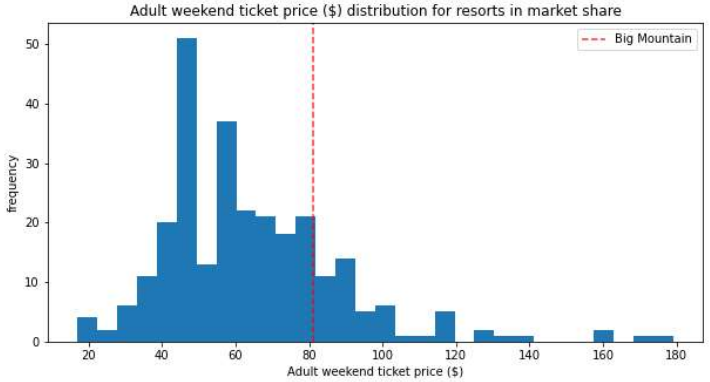
Customers are more likely to pay more for these features:

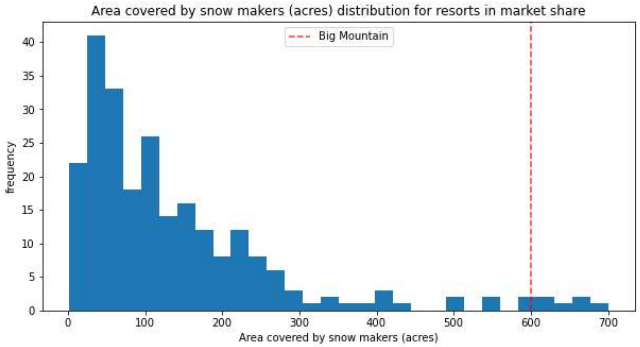
- Vertical Drop
- Snow Making Area
- Chairs
- Fast Quads
- Runs
- Longest Run
- Trams
- Skiable Area

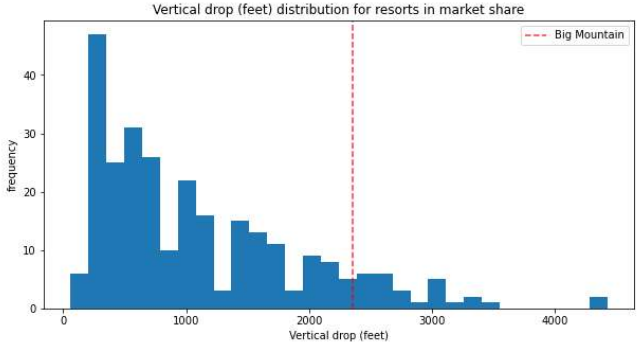
Data analysis shows that Big Mountain exceeds in most features in its market segment.

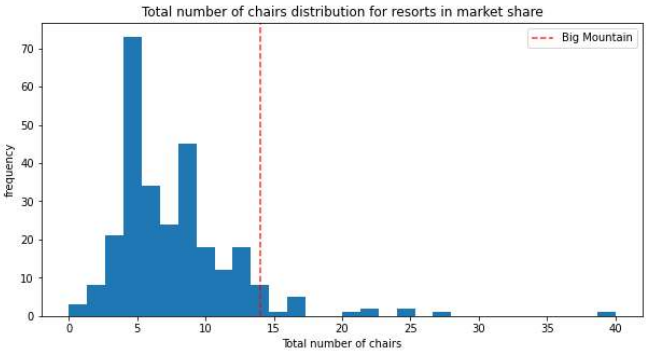
Ticket Prices for Big Mountain Resort compared with the market segment

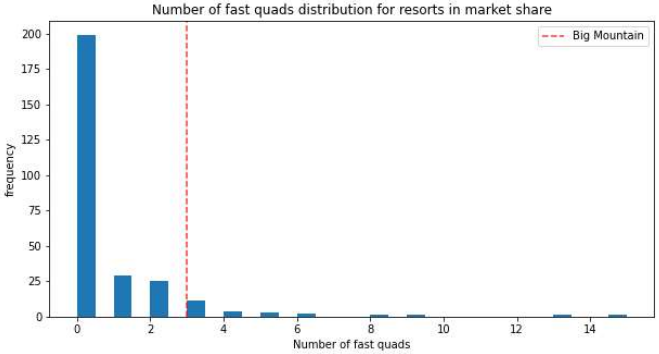


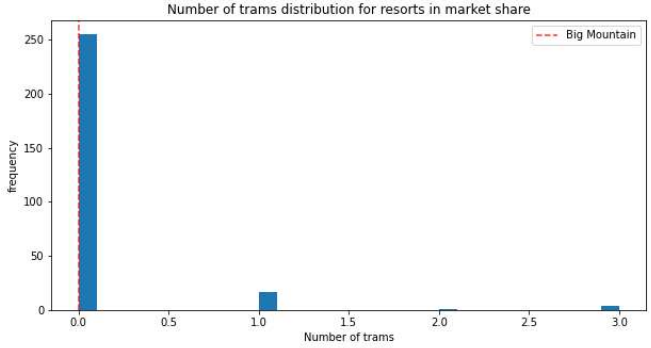


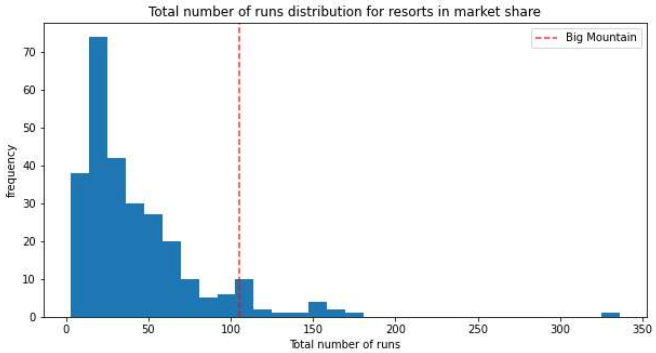

Area covered by snow makers (acres) distribution for resorts in market share
Big Mountain
frequency
Area covered by snow makers (acres)

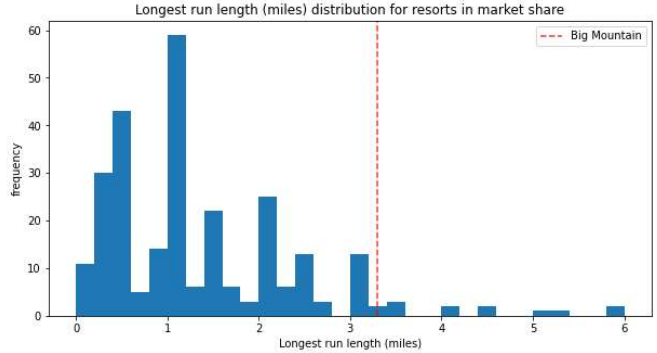

Vertical drop (feet) distribution for resorts in market share
Big Mountain
frequency
Vertical drop (feet)

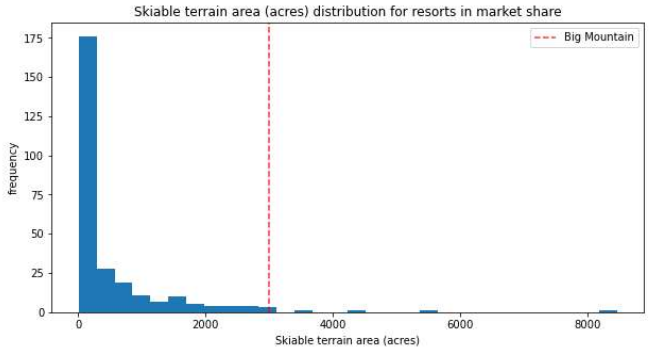

Total number of chairs distribution for resorts in market share
Big Mountain
frequency
Total number of chairs


Number of fast quads distribution for resorts in market share
Big Mountain
frequency
Number of fast quads


Number of trams distribution for resorts in market share
Big Mountain
frequency
Number of trams
0
50
100
150
200
250
0.0
0.5
1.0
1.5
2.0
2.5
3.0


Total number of runs distribution for resorts in market share
Big Mountain
frequency
Total number of runs
0
10
20
30
40
50
60
70
0
50
100
150
200
250
300
350


Longest run length (miles) distribution for resorts in market share
Big Mountain
frequency
Longest run length (miles)
0
10
20
30
40
50
60
0
1
2
3
4
5
6


Skiable terrain area (acres) distribution for resorts in market share
Big Mountain
frequency
Skiable terrain area (acres)
0
25
50
75
100
125
150
175
0
2000
4000
6000
8000

Model predictions for various proposals to increase revenue

- **Close top 10 unused runs.**
  Model says closing one run makes no difference. Closing 2 and 3 successively reduces support for ticket price and so revenue. If Big Mountain closes down 3 runs, it seems they may as well close down 4 or 5 as there's no further loss in ticket price. Increasing the closures down to 6 or more leads to a large drop.

- **Increase vertical drop by 150 feet and install an additional chair lift.**
  In this scenario, Big Mountain is adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift. This scenario increases support for ticket price by $1.99 and over the season this could be expected to amount to $3,474,638.

Model predictions for various proposals to increase revenue

- **Increase vertical drop by 150 feet and install an additional chair lift and add 2 acres of snow making capability.**
  This scenario increases support for ticket price by $1.99 and over the season this could be expected to amount to $3,474,638. This is similar to scenario 2 so there is no effect of adding extra 2 acres of snow making capability.

- **Increase longest run by 0.2 miles and guaranteeing its snow coverage by adding 4 acres of snow making capability.**
  This scenario does not support any increase in ticket price.

Proposals with the most potential for increased revenue

Close top 1 unused run.

Model says closing one run makes no difference. This may lead to reduced operating costs.

Increase vertical drop 150 feet and install additional chair lift.

This scenario increases support for ticket price by an additional $1.99 and over the season this could be expected to amount to $3,474,638.00

Recommendations

Model predicts a ticket price of $95.87

There is a mean absolute error of $10.39 which suggests there is room for an increase.

Other Proposals to consider:

- **Close top 1 unused run.**
  Model says closing one run makes no difference. This may lead to reduced operating costs.

- **Increase vertical drop 150 feet and install additional chair lift.**
  This scenario increases support for ticket price by $1.99 and over the season this could be expected to amount to $3,474,638.00