Guided Capstone Project Report

The purpose of this study is to determine the best pricing strategy to capitalize on the facilities of the park in order to account for a $150,000 increase in operating costs, without undermining value for the approximately 350,000 customers. In order to do this, I analyzed a dataset containing data from all of the ski resorts across the nation. I was able to identify specific features that affected the ability to raise the price of the tickets.

First, I looked at the price and compared it with the prices of the other ski resorts across the nation. It appears the price for Big Mountain is set in the third quartile of the dataset, at $81. Because it is in the third quartile, there may be room for upward adjustment. My study confirms that there is at least room for a $10.59 increase, though a more aggressive price of $99.79 may be justified, depending on the ski park feature adjustment.

The features that were determined to be of importance include fastQuads, Runs, Snow Making\_ac, vertical\_drop. Big mountain has more Fast Quads than most resorts, which suggest the margins are already being maximized with this feature. The resort has a significant number of runs, and may be able to add another run, but it may be difficult to squeeze enough additional revenue in order to justify the addition. Big Mountain is also at the top of the class in snow making and is likely maximizing the margin with this feature. Adding an additional two acres of snow making will only justify a $.50 increase in ticket price. There appears to be more room for improvement in the Vertical Drop category, as Big Mountain is in the 75th percentile in this category. But, adding an additional 150 feet will only justify a $.50 increase in ticket price.

Keep in mind that Big Mountain is amongst the highest priced resorts in Montana. Because of this, a different approach might be called for. The data shows that the option of simply reducing the number of runs by one will have zero effect on price. If two are closed, the resort may have to lower its prices. However, the company can maintain its profit margins if three to five runs are closed because it will be saving the costs of those runs and should not need to lower the price of the tickets.

To sum up, Big Mountain needs adjust the ticket prices in order to increase profit margins. The company can increase the number of Fast Quads, but that will have a negligible effect on the ability to maintain profit margins. The Resort can increase Snow Making by two acres but will only be able to justify a $.50 increase in ticket price. Adding an additional 150 Vertical Drop will also only allow for a $.50 increase in ticket price. My suggestion, however, is to close down at lease 3 but no more than 5 runs. By doing this, the Big Mountain Ski Resort will be able to reduce the cost of maintaining those runs. Though the ability to command a higher ticket price is reduced, the company will be able to increase its margins.