Big Mountain Resort - Research Report

This research process started with the goal of increasing ticket prices while providing the same or better value to our customers. I believe we have successfully achieved our goal. With this model, we can now find methods that add value to our resort while also allowing the resort to charge more for tickets.

Our data scientists have been working with a batch of data containing different aspects and variables of resorts around the United States. This data was used to create a model that allows us to measure the value of each variable on the pricing of tickets. Variables include the snowmaking area covered, number of runs, number of lifts, total vertical drop, and much more.

Working through this model has helped the team learn valuable information on ticket pricing. We have a much better view on which aspects of resort have the biggest impact on pricing tickets and how increasing/decreasing this value will help us improve our company’s overall revenue.

We found that vertical drop of the mountain and area covered by snowmaking had the biggest positive impacts on ticket pricing, whilst overall skiable terrain had a negative impact on ticket pricing. Other variables that had a positive impact on ticket pricing are: total number of chairs, longest run, and number of fast quads. We can close 1 of our more expensive runs while still charging the same ticket price.

For our current resort business operations: we are charging $81 per ticket and the model found that we can charge upwards of $95.87, with an error rate of $10.39, that is still an increase of $4.48. At 350k customers per year, an increase of $4.48 in ticket pricing would increase our ticketing revenue alone by around $1.5MM. This does not include revenue earned from other aspects of the business such as rentals, food, and lodging.

We ran the model through 4 different scenarios:

1. Permanently closing down up to 10 of the least used runs. This doesn't impact any other resort statistics.
2. Increase the vertical drop by adding a run to a point 150 feet lower down but requiring the installation of an additional chair lift to bring skiers back up, without additional snow making coverage
3. Same as number 2, but adding 2 acres of snow making cover
4. Increase the longest run by 0.2 mile to boast 3.5 miles length, requiring an additional snow making coverage of 4 acres

We found that the best scenario for increasing our ticket price is scenario 2. This scenario increases the support for our ticket price by $8.61. This would bring in additional revenue of over $15MM.

It is tough to predict revenue without knowing the costs to earn that revenue, but we have a model ready to test different aspects of improving our resort operations, to improve long term revenue.