Predicting Ski Retreat Ticket Prices

by Bradley Mensah
December 2020

Problem Statement

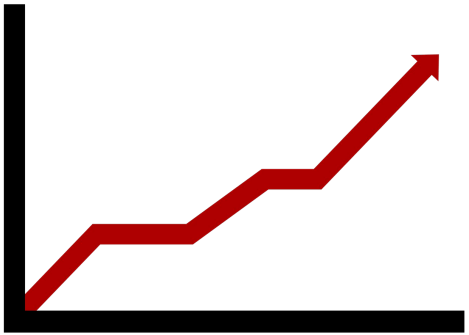
What opportunities exist for Big Mountain Ski Resort to **generate an additional $2 million in revenue** by the end of this ski season through **capitalizing on its facilities, cutting operational costs, and/or increasing ticket prices**?

Context

- Big Mountain resort serves an estimated 350,000 customers per ski season
- Management has recently invested in a chair lift costing an additional $1.54 million in operating costs
- Tickets cost $81.00 per day

Suggestions

Increase ticket prices by at least $0.88



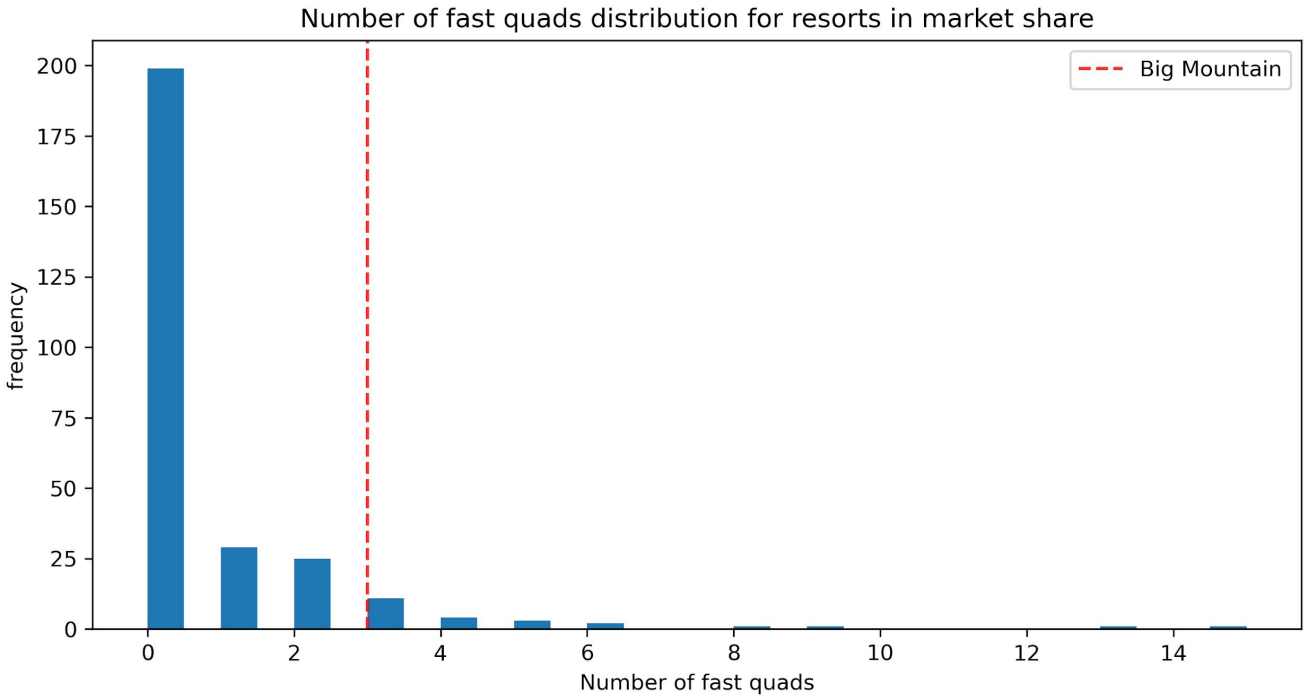
Reduce operational cost by removing at least 1 run and up to 10

Invest in an additional chair lift and a higher vertical drop

Five Most Important Features

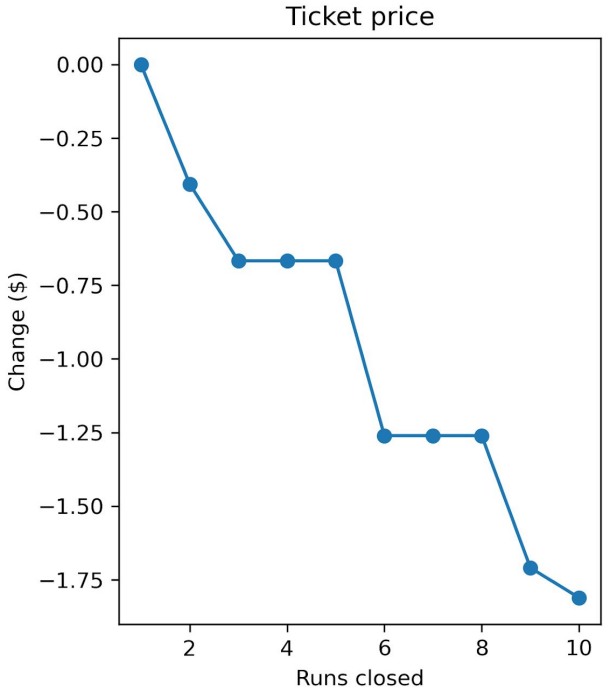
1. Number of fast quads
2. Number of runs
3. Acreage covered by snow-making machines
4. Height of the vertical drop
5. Total number of chairs

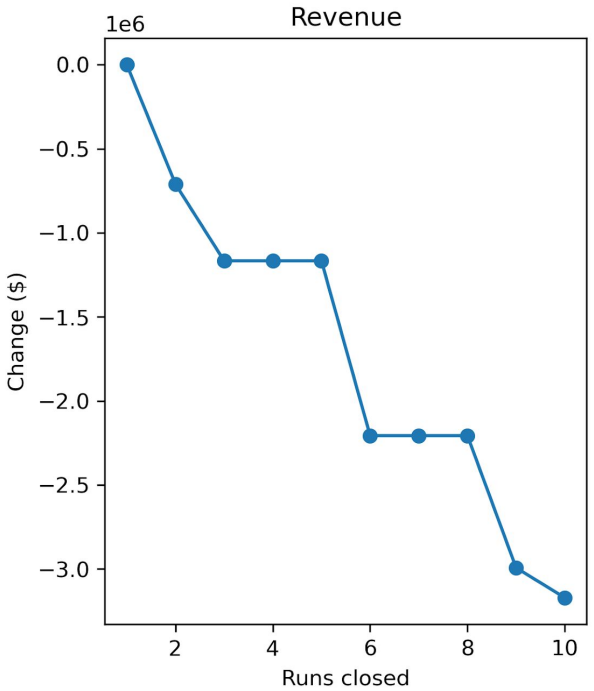
Adding More Fast Quads



Our data shows that Big Mountain Resort is already an industry leader in terms of the number of fast quads it offers. Investments would be better spent elsewhere.

Scenario 1: Reduce Operational Costs by Removing Runs





Graphs detailing the projected effect of removing runs on the ticket price and overall revenue.

Scenario 2: Can Big Mountain Increase Revenue by Improving its Facilities?

- Increasing the acreage covered by snow-making machines or lengthening the longest run are not projected to have an influence on the ticket price customers are willing to pay.

- Our model shows that adding a run, increasing the vertical drop, and adding a chair could increase revenue by $1.99 per ticket, or about $3.47 million in overall revenue in the ski season.

Conclusion

- Our model shows that Big Mountain Resort could be charging as much as $95.87 based on the facilities it offers. We recommend raising ticket prices by at least $0.88 to cover the cost of the investment in an additional chair lift.
- Before proceeding with scenario 1 or 2, data should be collected on the effect on operational cost of removing runs, installing a new run, and increasing vertical drop to determine how these changes would affect profits.