

# Big Mountain Resort

Guided Capstone

Corey Schneider

# Identifying Pricing Opportunities

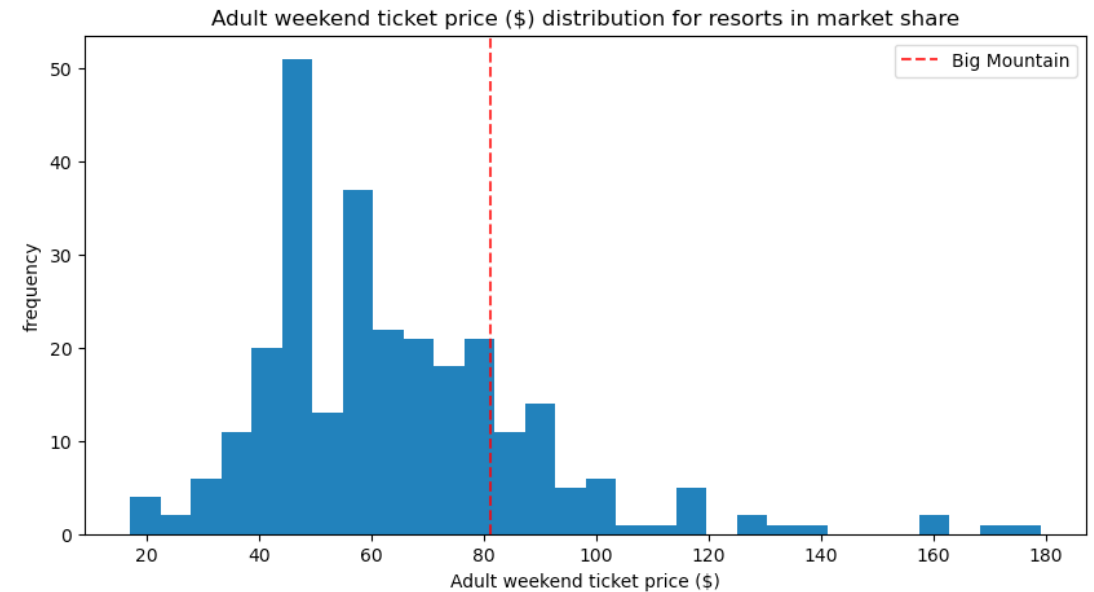
- Lift ticket prices do not properly reflect Big Mountain's attributes
  - Current ticket price \$81
- Recently-installed chairlift is a clear opportunity to revisit
  - Increases in both costs and value need to be accounted for
- Underpriced tickets hurt profitability
  - Statistical modeling can determine appropriate price
- Other changes can further enhance profitability

# Strategic Recommendations

- Raise ticket price to \$95
  - Market analysis shows that tickets are significantly undervalued
- Close up to five least-used runs
  - Model suggests closing five runs would have minimal impact on perceived value of tickets while reducing operating cost

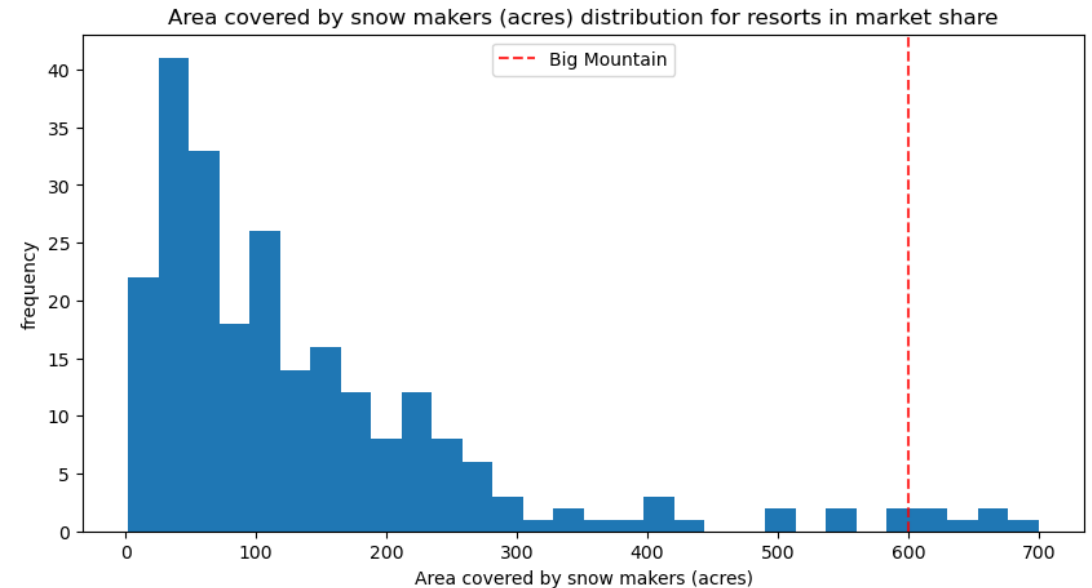
# Model Overview

- Data from 277 US ski resorts
- Goal: determine what factors correlate with ticket price and estimate appropriate price for Big Mountain



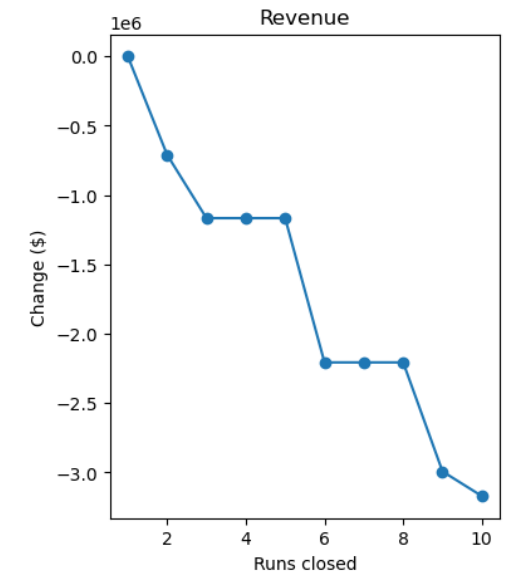
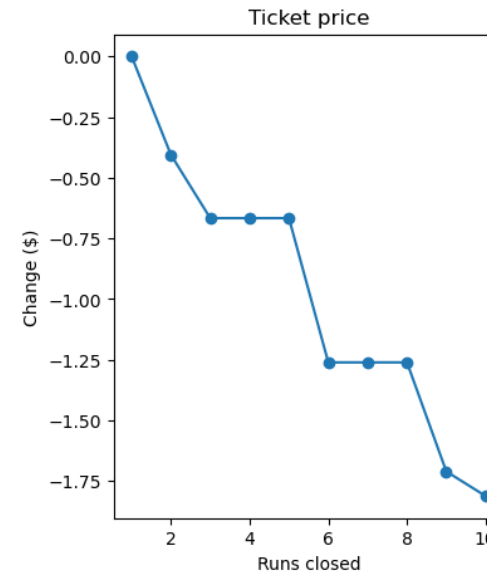
# Key Factors

- In our analysis, the factors most predictive of price:
  - Vertical drop
  - Snow-making area
  - Total chairs
  - Fast quad lifts
  - Number of runs
  - Longest run length
- Big Mountain is very strong in most of these categories



# Consolidation of Underutilized Runs

- Model shows up to five runs can be closed while reducing ticket value by less than one dollar
- This represents more than one million dollars in revenue reduction, but increased profits due to cost savings
- Further study needed to select appropriate runs and estimate savings



# Summary and Conclusion

- Big Mountain tickets currently undervalued, especially after opening new lift
  - Model suggests \$95.87, compared to current \$81
  - However, model estimates error  $\pm$  \$10.37
- Further profitability enhancements through consolidation of runs
  - Up to 5 runs can be closed without decreasing price support by >\$1/ticket
  - Continued expansion and price increases may be difficult to achieve with current customer base