

Big Mountain Resort Ticket Price Recommendations

Current State

Big Mountain charges \$81/day per adult. It seems underpriced in the market compared to other resorts that have similar large facilities (see Figure 1).

Recommendations

1. Raise ticket price to \$95.87/day.

This is based on Big Mountain's position in the given market. Big Mountain has one of the largest facilities relative to its competitors. It has one of the largest snowmaking areas, number of runs, number of fast quads, etc. See Figures 2-8 for Big Mountain's position in the market share. Big Mountain should advertise all of these facilities as "Largest in Montana" or "Top 10 in USA."

2. Add another run that has an additional 150ft drop.

It'll require a new chair lift, but the additional revenue from the extra \$2/ticket should cover the operational cost for the new chairs. The existing new chair has operating costs of \$1.54M. Assuming the proposed new chair has the same costs, the new run's total expected revenue of \$3.47M is greater than the operational costs for both the current new chair lift and the potential new chair lift.

3. Add 2 more acres of snow making.

They could also close one of the runs. It seems counterintuitive because I also suggested adding a run, but I'm assuming the new run is in a different location. Closing 1 run (doesn't matter which one according to the data) would not affect expected revenue, so they could close the least popular run to save on costs.

Test Plan

1. To test Recommendation #1, Big Mountain Resort can conduct A/B testing in online advertisements with current price vs new price. If there's interest even with the higher price, then the business should use the new price.
2. To execute Recommendations #2 and #3, the resort would need to close down a run. This is possible if they close one run at a time. Since closing 1 run doesn't affect revenue, they don't have to worry about losing revenue during construction. So, if they need to close 1 run to add another chair lift or make space for another run or more snow area, they have the capacity to do so.

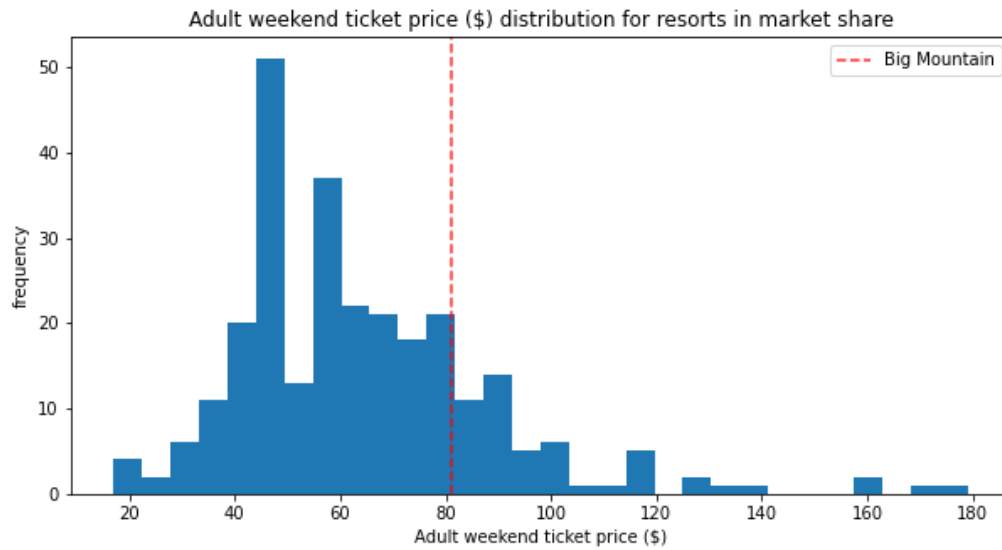


Figure 1: Big Mountain's Current Ticket Price in the Market

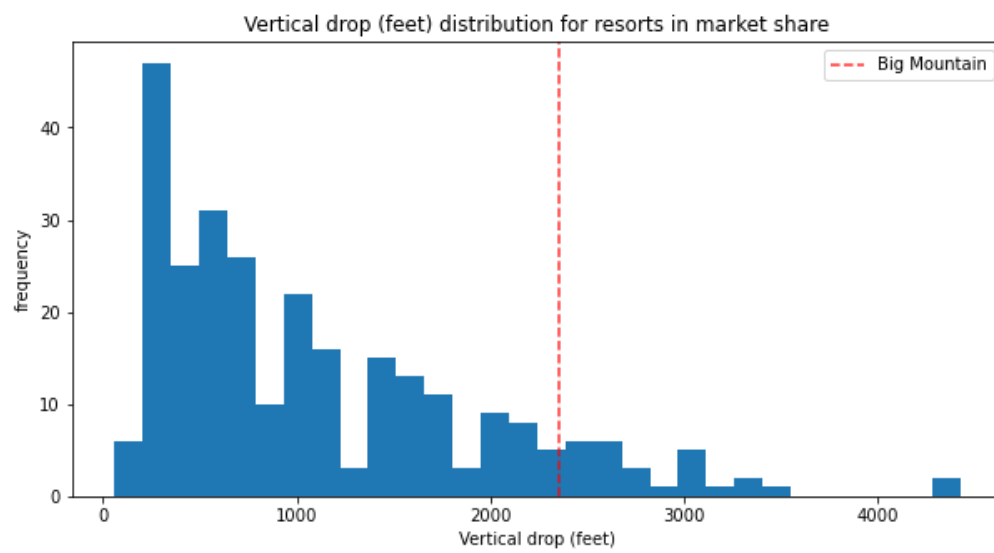


Figure 2: Current vertical drop

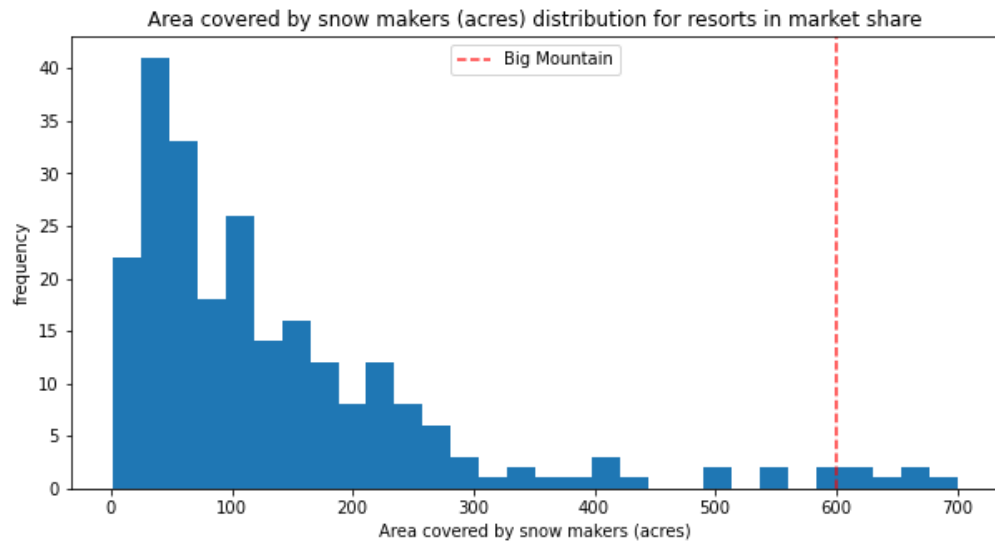


Figure 3: Current area covered by snow makers

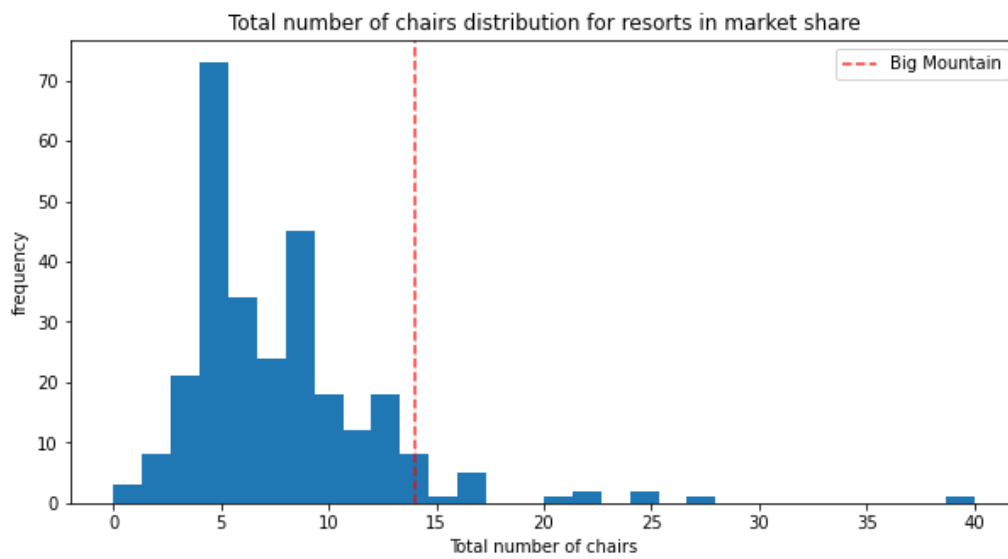


Figure 4: Current number of chair lifts

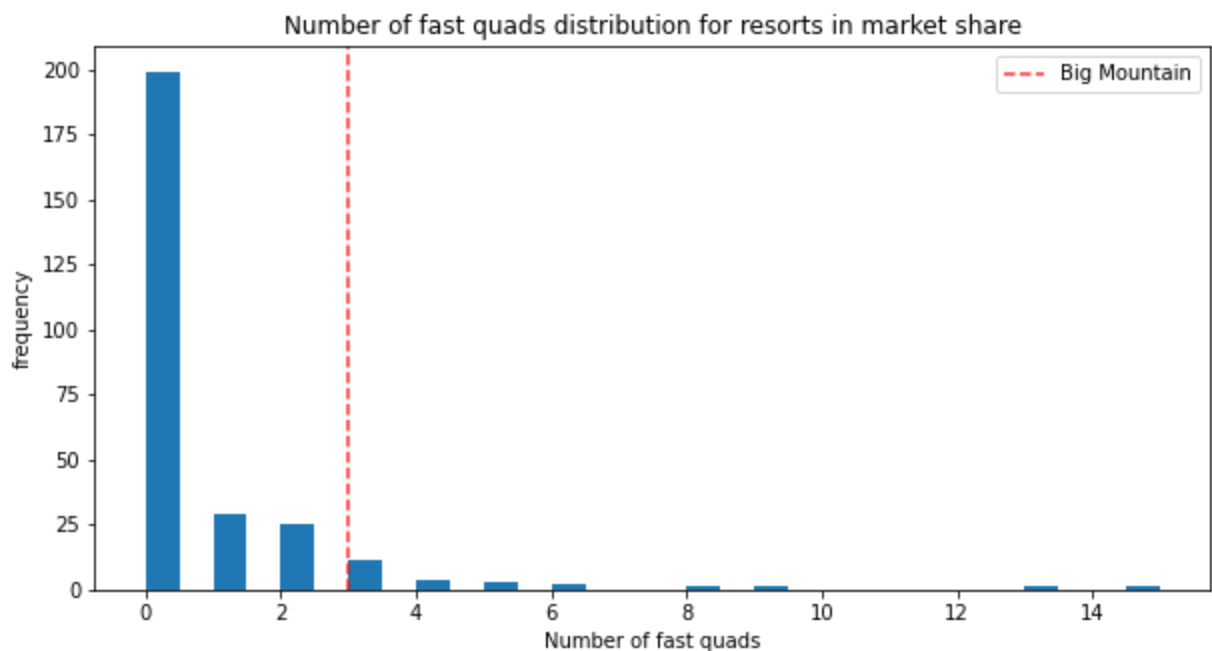


Figure 5: Current number of fast quads

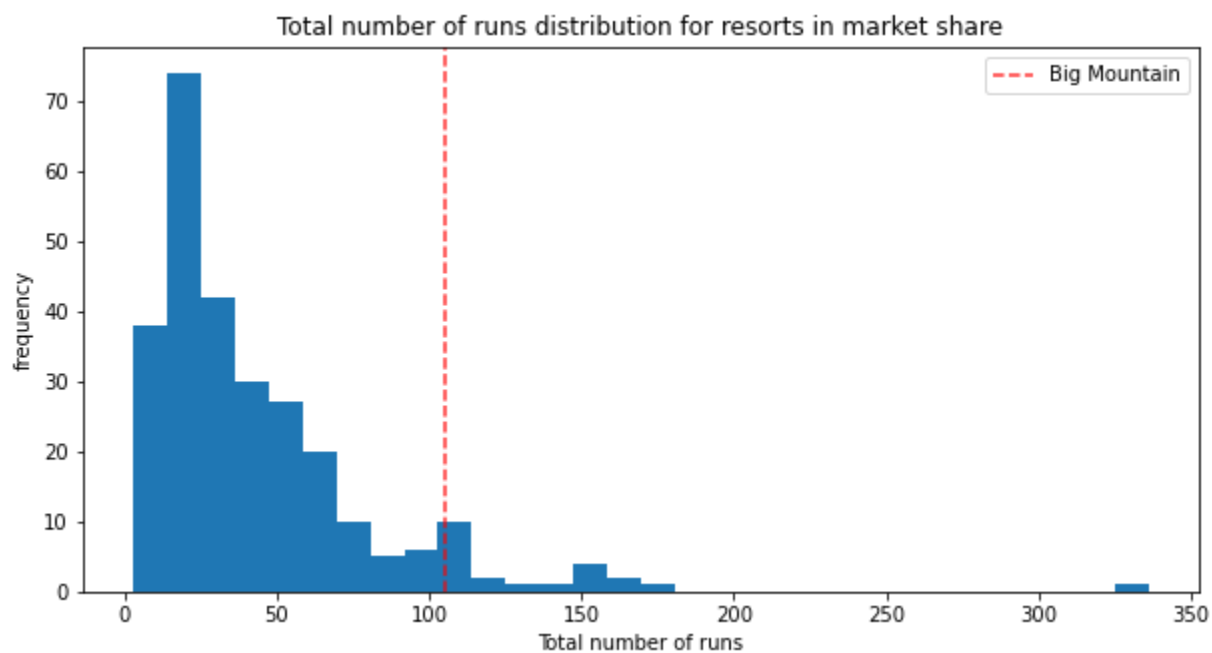


Figure 6: Current number of total runs

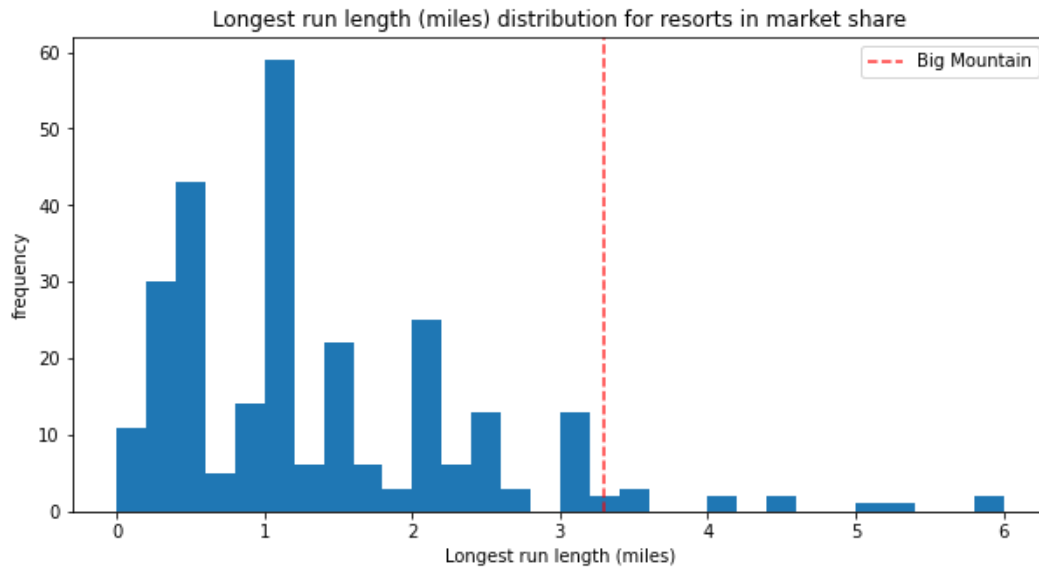


Figure 7: Current longest runs

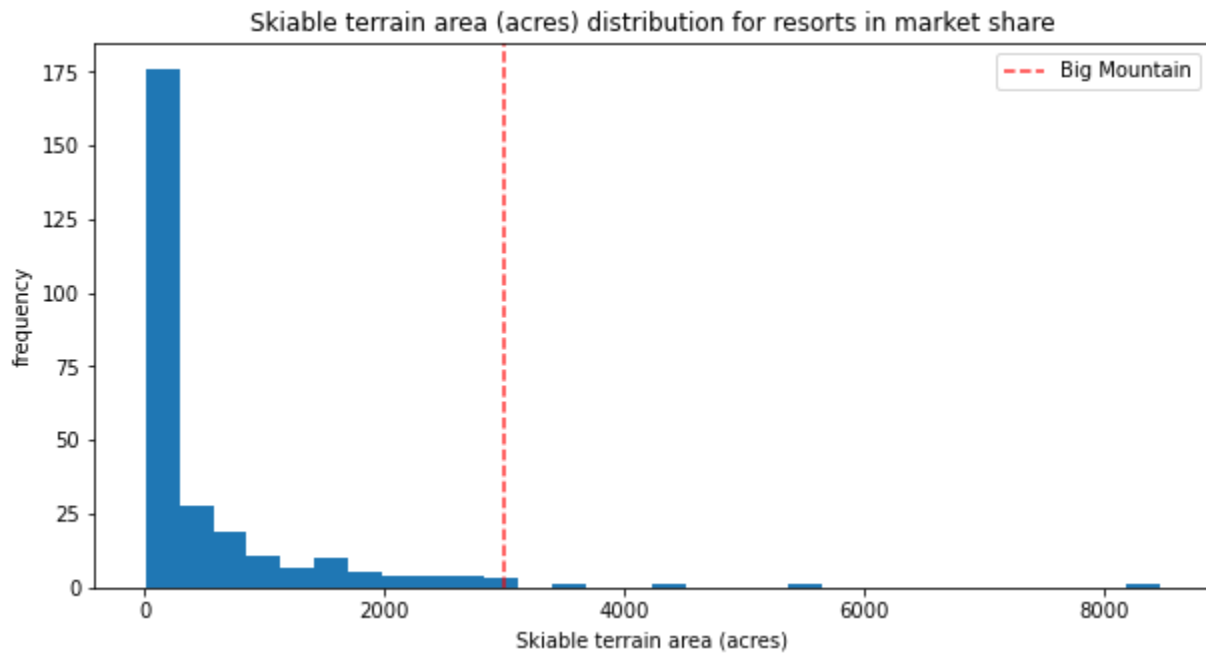


Figure 8: Current skiable terrain

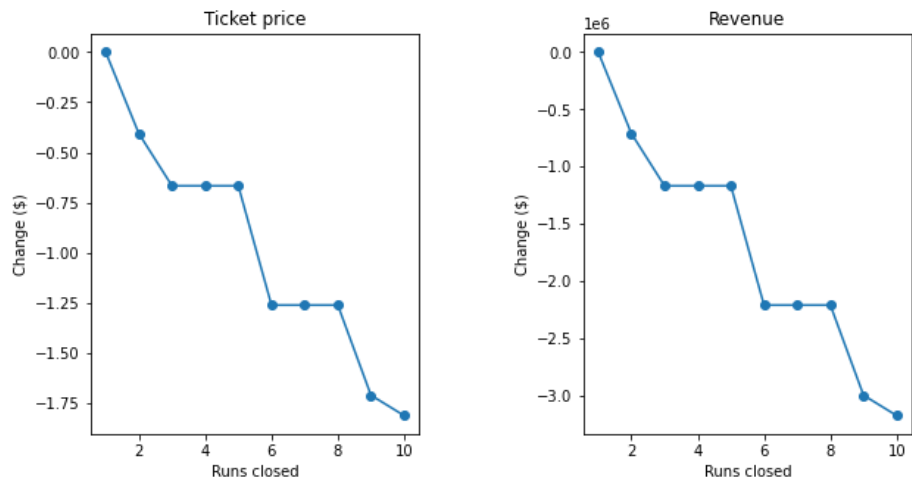


Figure 9: Ticket price and revenue change with respect to number of runs closed