

Big Mountain Resort

PRICING STRATEGY DETERMINATION

TO: THE SENIOR MANAGEMENT TEAM
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Problem Statement:

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Big Mountain has an opportunity to increase sales by 15% next year if it develops a new pricing structure that takes advantage of all of its facilities.

Recommendation:

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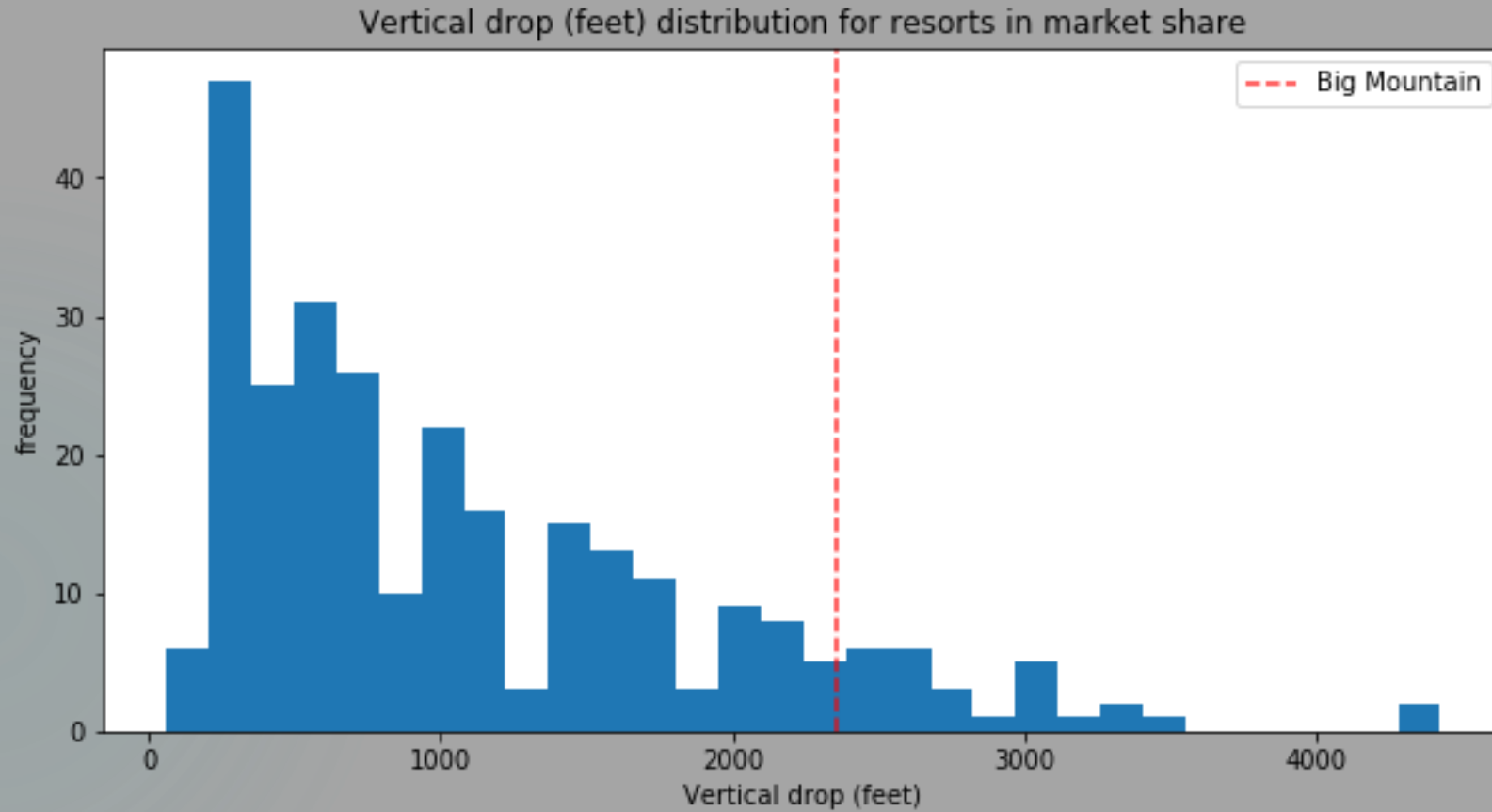
Big Mountain should raise its adult ticket price by \$2.50 to \$83.50 by adopting a tiered approach in which it offers \$82 to early-bird customers that purchase tickets before the season begins and \$83.50 to customers once the ski season begins.

Not only does this price increase yield additional revenues of \$1.75M dollars over the ski season, it also covers the \$1.54 cost of the purchased chair lift.

Big Mountain should also consider adding an additional run, increasing the vertical drop by 15 feet and raising the adult ticket price by \$1.99.

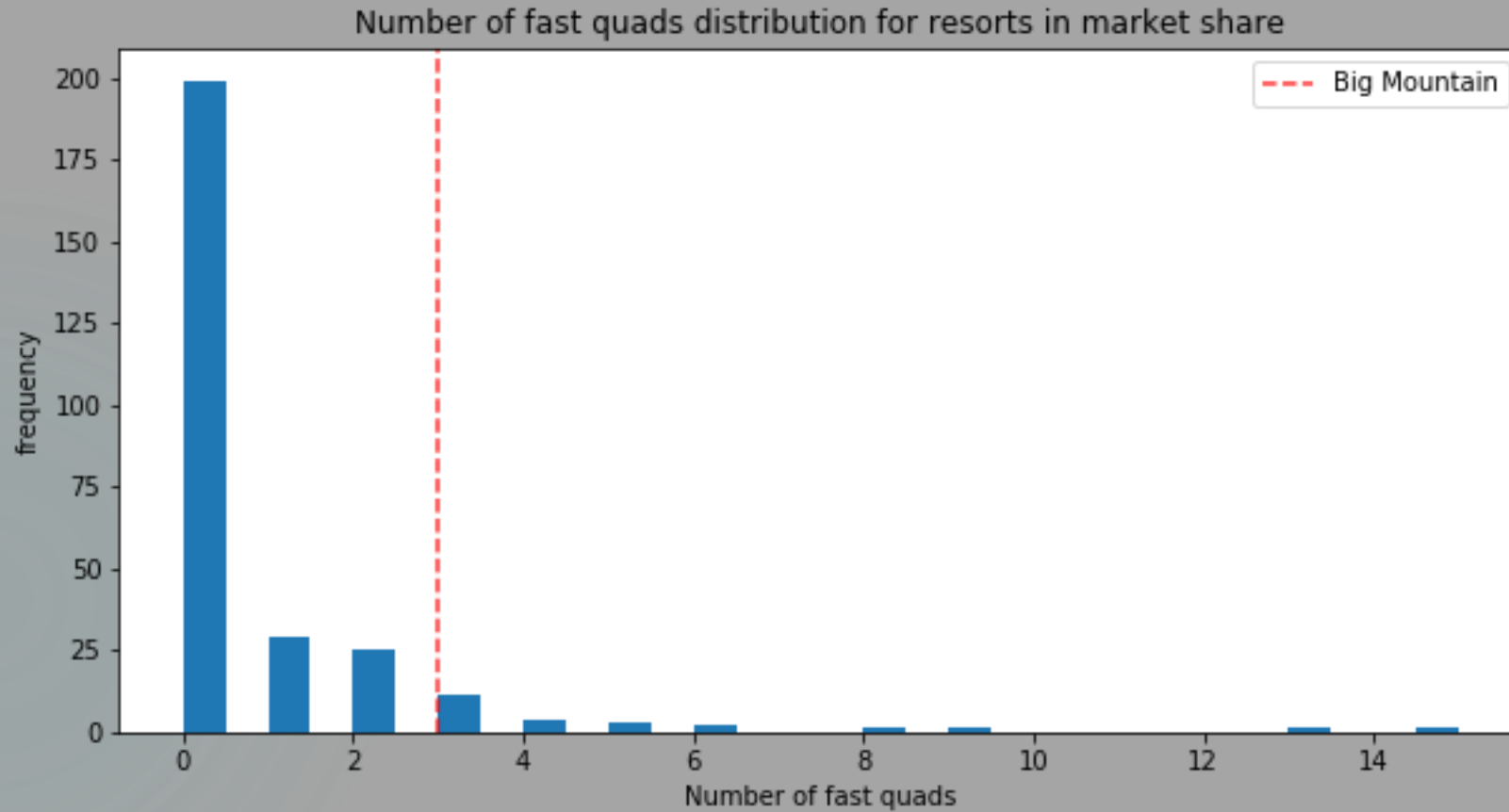
Modeling and Analysis

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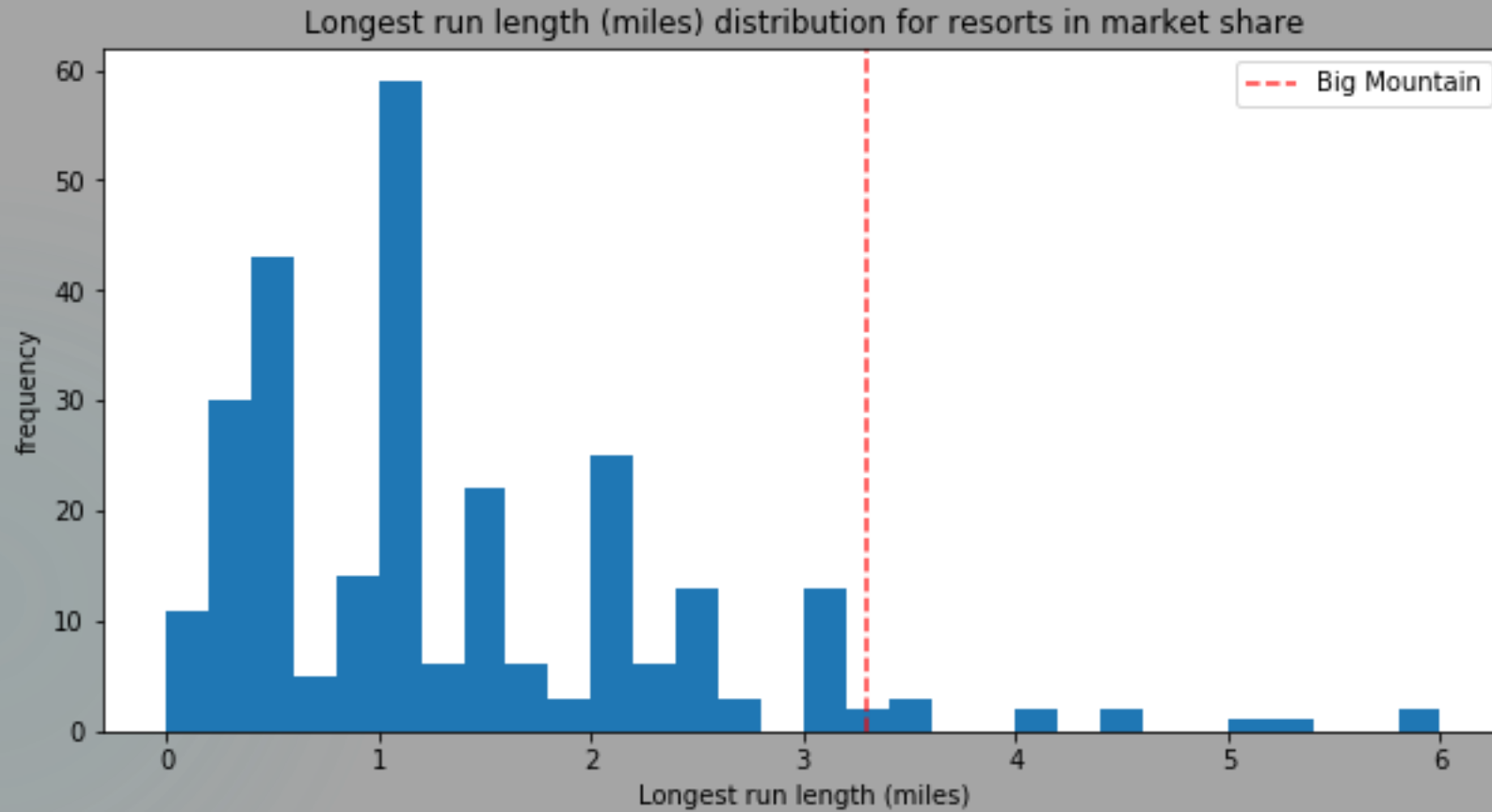
Modeling and Analysis (cont.)

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Modeling and Analysis (cont.)

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Summary & Conclusion

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Our models showed that Big Mountain is able to support the price increase to \$83.50 because this price is at the lower end charged by resorts in the U.S.

Although Big Mountain's price is at the higher end in Montana, its features allows for a price increase.

Big Mountain should consider deploying this model in a production environment for sensitivity analysis, especially when considering new investments