Our model identified seven key features of ski resorts that patrons are willing to pay more for: 1) the size of the vertical drop, 2) the area covered by snow-making machines, 3) the length of the longest run, 4) the size of the skiable area, 5) the number of chairs, 6) the number of fast quads, and 7) the number of runs. Fortunately, Big Mountain leads the industry in many of these key features (see Figure 1 below). Based on these amenities, our model suggests that Big Mountain's customers would be willing to pay anywhere from $85.48 to $106.26 for tickets—with a sweet spot around $95.87. Thus, there is room to increase the ticket price without implementing any of the four scenarios currently under consideration. Should leadership decided to pursue one or more of these scenarios, however, the model offers predictions about their effect on ticket price as well.



Figure 1: Big Mountain’s Position on the Seven Key Features that Customers Are Willing to Pay More for Relative to the Market

Of the four proposals, scenario 2 offers the most upside. Our model predicts that customers would be willing to pay an additional $1.99 for an increased vertical drop of 150 feet and an additional chair lift to service this new run for an approximate increase of $3,474,638 dollars in yearly revenue. Of course, this figure must be balanced against the cost of installing and operating the chair lift itself. Notably, scenario 3 does not support an increase in ticket price beyond what scenario 2 predicts, but does require an additional investment in snow-making machinery. Accordingly, it generates less revenue than scenario 2. Finally, scenario 4 does not support an increase in ticket price at all.

The effects of scenario 1 on ticket price require a little more explanation. Our model suggests that it is essentially "free" to close the least popular run: customers are willing to pay the same price for access to 104 runs as for 105 runs (see figure 2). From there, closing the second and third least popular runs leads to a $.45 and $.67 decrease in predicted ticket price respectively—corresponding to a loss of approximately $750,000 and $1.2 million in yearly revenue—after which it is again "free" to close the fourth and fifth least popular runs. Therefore, we recommend closing the three least popular runs one at a time and checking to see what effect each closure has on revenue before closing the next run in the series.

Chart, line chart

Description automatically generated

Figure 2: Predicted Change in Ticket Price and Yearly Revenue as the Number Runs Closed Increases