




Big Mountain Ski Resort: Pricing Strategy

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(Springboard DSC Guided Capstone)



Problem: Ticket Price

- Our goal is to increase revenue by \$1.696M this season.
 - The newly installed chairlift will increase operating costs by \$1.54M this season.
 - Investors want to keep the profit margin at 9.2%
- Increasing adult chairlift ticket prices will increase revenue.
- Given the features available at Big Mountain Resort, what price should management set for adult chairlift tickets, in order to increase revenue this season?

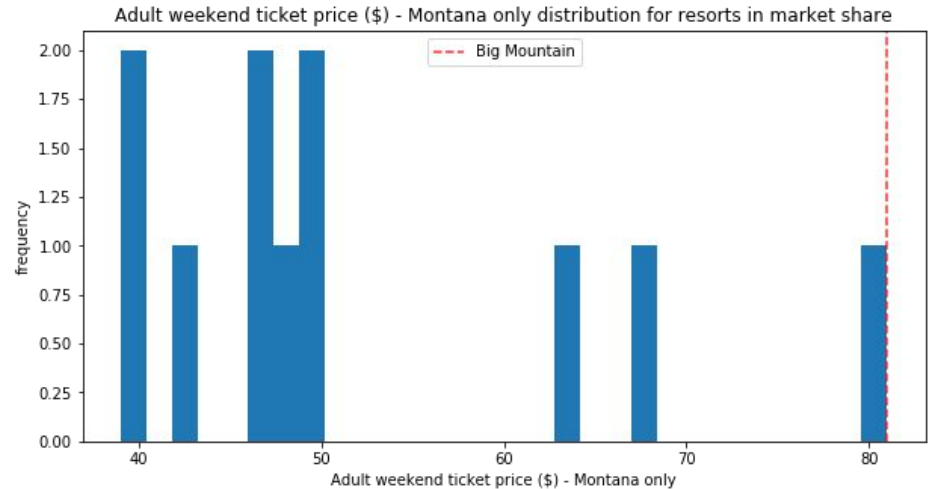
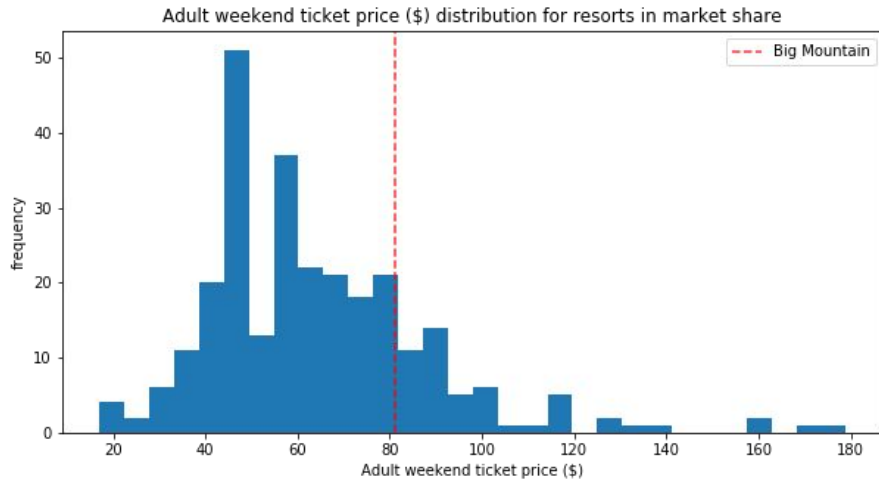
Recommendation and key findings

- Recommendation: Increase Ticket Price by \$2.83 or More.
 - Increasing the ticket price by \$0.97 will cover the new operating costs and maintain profit margin of 9.2%.
 - But increasing the ticket price by \$2.83 or more will more accurately reflect Big Mountain's market share, based on its offered features.
- Key findings:
 - Big Mountain adult day ticket price is currently \$81.
 - Big Mountain adult day ticket price is valued at $\$94.22 \pm \10.39 (\$83.83 to \$104.61).
 - The lowest estimate, \$83.83, is still higher than the current \$81 ticket price.

Modeling: Setup

- Models used:
 - Linear Regression
 - Random Forest
- Data used:
 - 277 ski resorts in the US, including Big Mountain.
- Assumptions made:
 - The other 276 ski resorts are pricing their tickets accurately.
 - The ski resort market behaves as a free market.

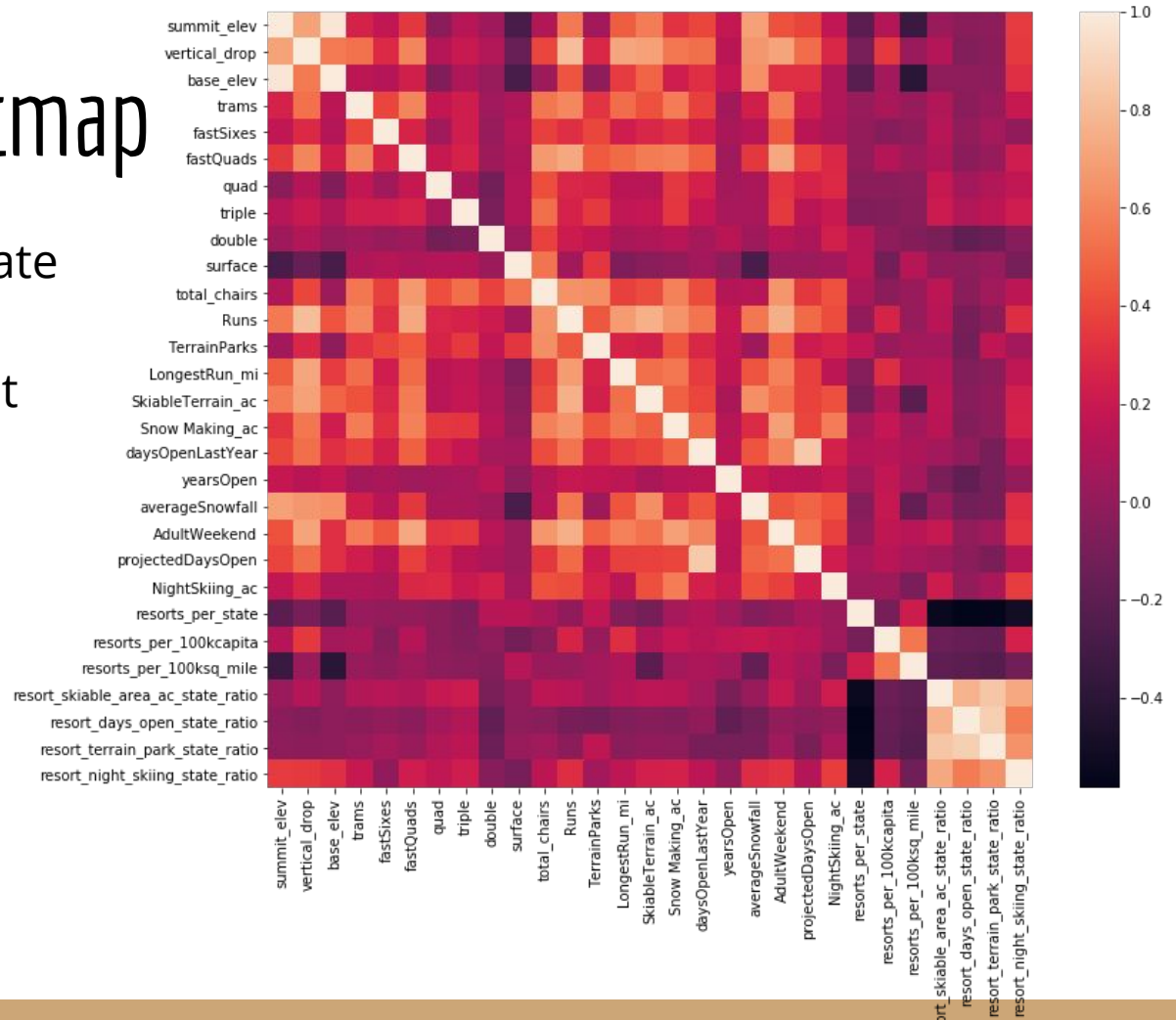
Modeling: Ticket Price Comparison



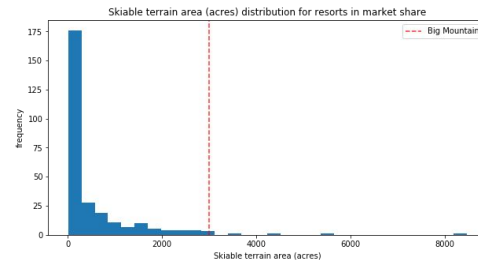
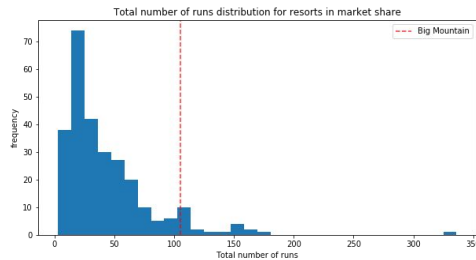
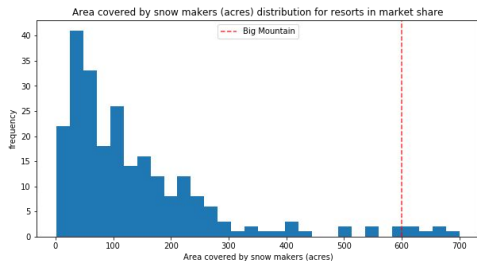
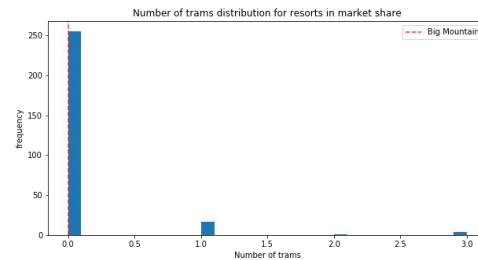
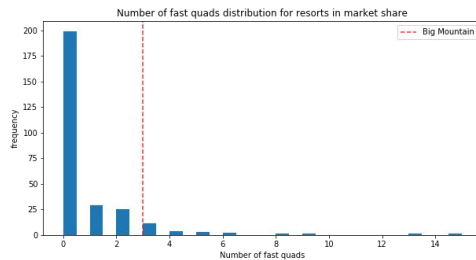
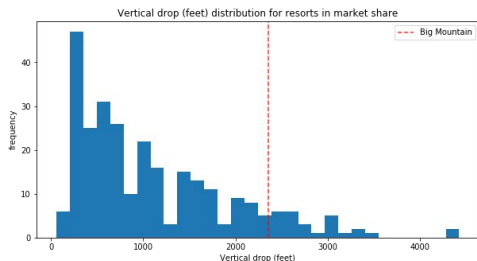
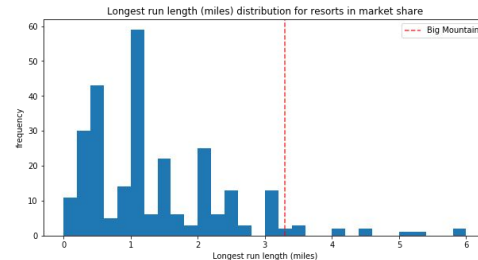
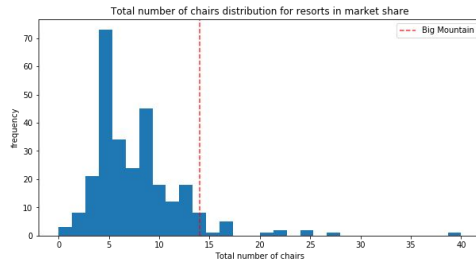
- Big Mountain is the most expensive resort in Montana.

At a Glance: Heatmap

- Lighter squares indicate stronger correlation.
- “AdultWeekend” ticket price correlates with:
 - fastQuads
 - Runs
 - Snow Making_ac
 - total_chairs



Modeling: The 8 Features



- Our models found 8 important features in determining ticket price.
- Big Mountain (the red line) is fairly high on most of these league charts.

Conclusion

- Big Mountain is the most expensive ski resort in Montana, at \$81 per adult day ticket.
- The price is justified: Big Mountain performs well in the 8 features important to determining ticket price.
- The model values ticket price between \$83.83 to \$104.61
- The lowest estimate, \$83.83, is still higher than the current \$81 ticket.
- **Recommendation: increase ticket price by \$2.83 or more.**