A Ticket Pricing Model for Big Mountain Resort

PART ONE

Problem Identification

- Big Mountain's pricing strategy has been to charge a premium above the average price of resorts in its market segment.
- Big Mountain Resort has recently installed an additional chair, increasing the operating costs by $1,540,000 this season.
  - Are we capitalizing on our facilities as much as we could? What facilities matter most to visitors?
  - How can we increase our profits? Increasing our ticket price? Cutting our operating costs?

A ticket pricing model based on a resort's facilities

PART TWO

Recommendation and Key Findings

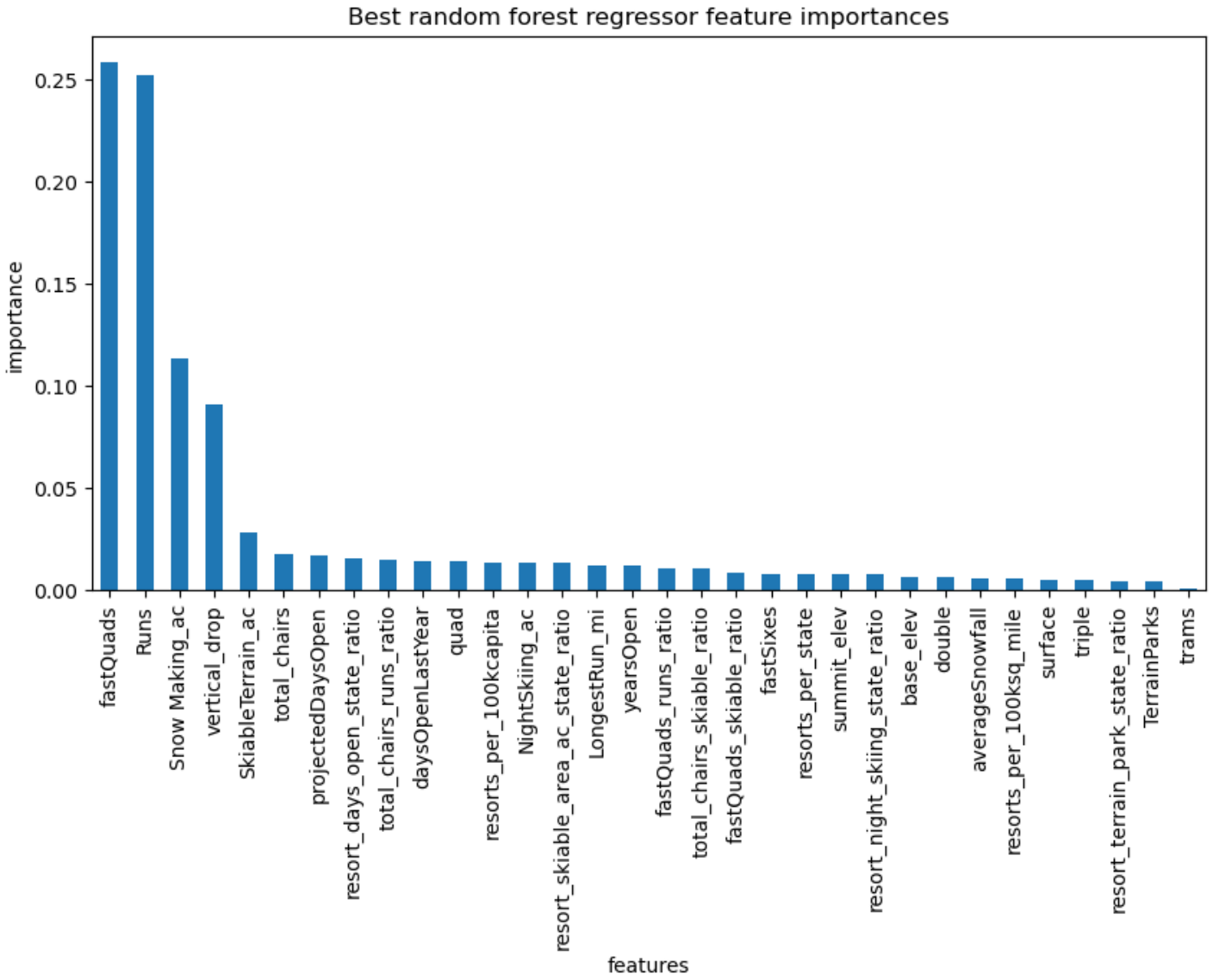
Current Price $ 81

Modeled Price $ 95.87
MAE $10.39

adding a run, increasing the vertical drop by 150 feet + installing an additional chair lift → Increase ticket price by $1.99, increase revenue by $3474638

PART THREE

Modeling Results and Analysis



Top 4 important features

The number of fast four-person chairlifts

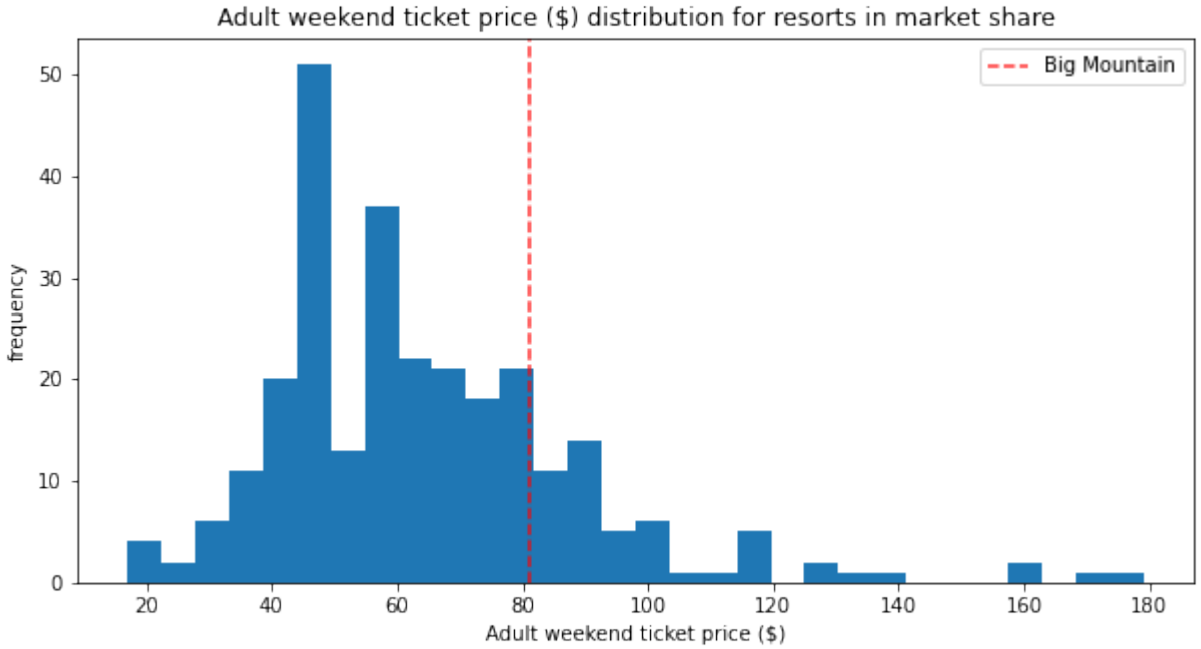
Total area covered by snow-making machines in acres

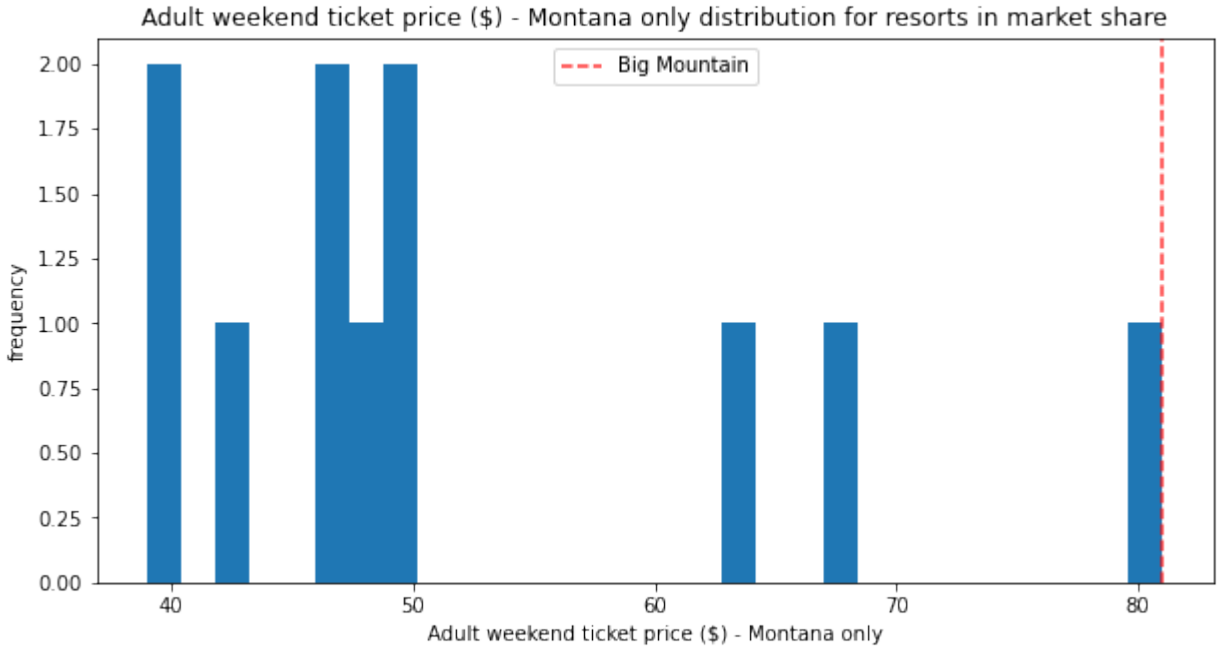
Count of the number of runs on the resort

Vertical change in elevation from the summit to the base in feet

PART THREE

Modeling Results and Analysis

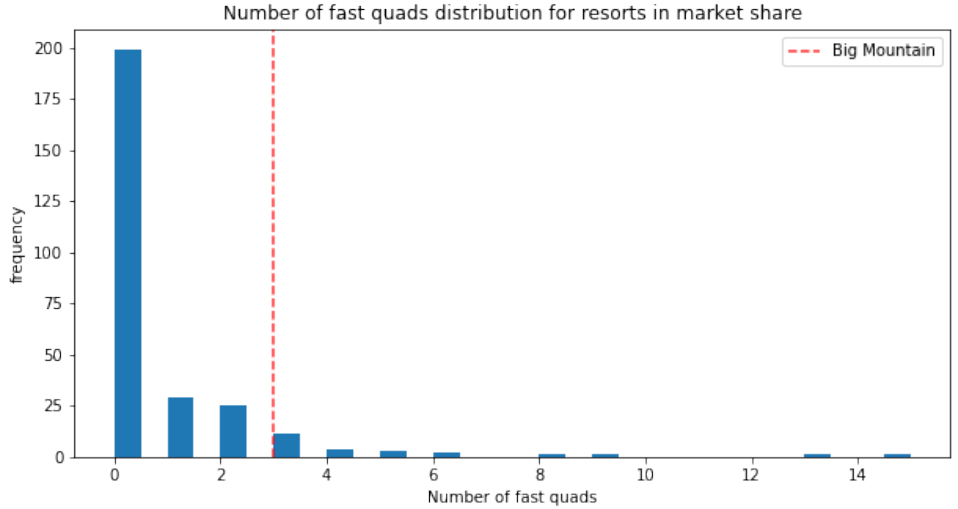


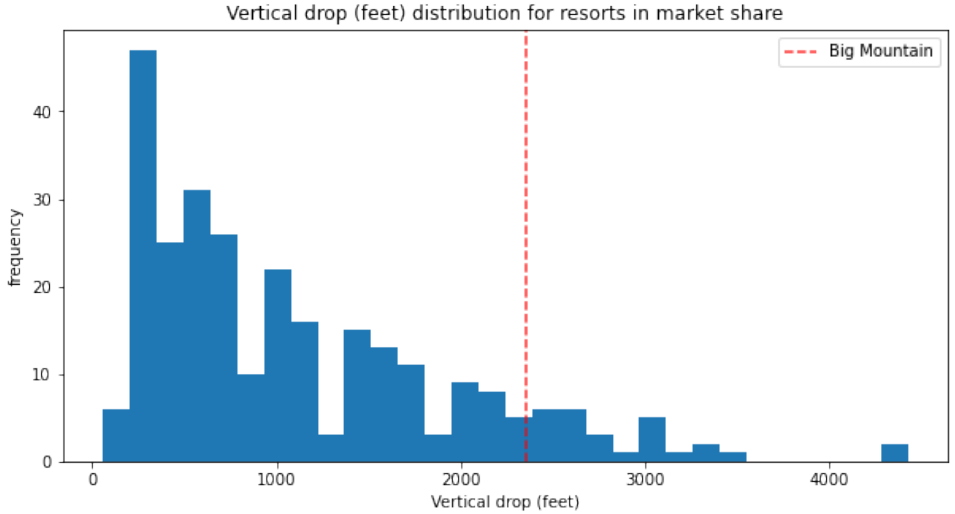


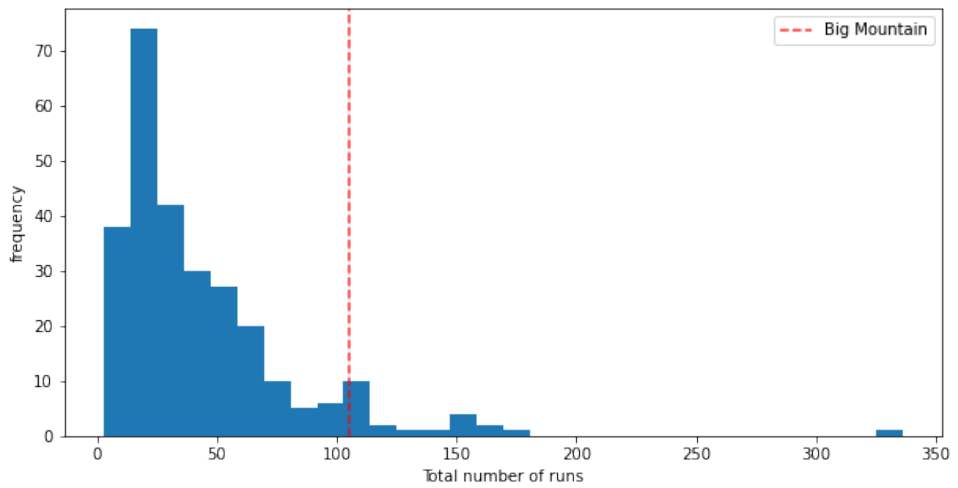
The current price ($81) of Big Mountain is relatively expensive in the country and is the most expensive in Montana

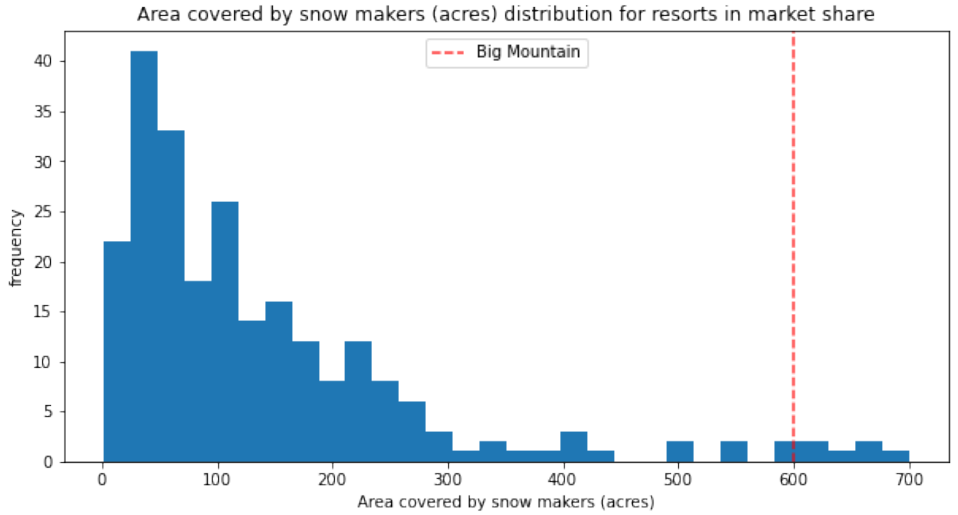
PART THREE

Modeling Results and Analysis







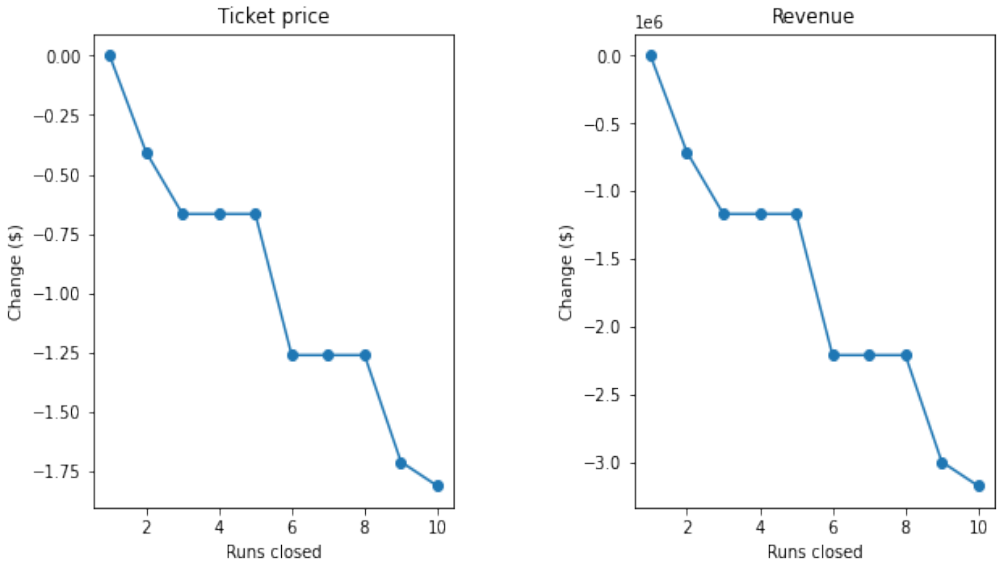


Big Mountain is worth the high price

PART THREE

Modeling Results and Analysis

1 Permanently closing down up to 10 of the least used runs



2 Increase the vertical drop by adding a run to a point 150 feet lower down with an additional chair lift

⇨ Increase ticket price by $1.99, increase revenue by $3474638

3 Same as number 2, but adding 2 acres of snow making cover

⇨ Increase ticket price by $1.99, increase revenue by $3474638

4 Increase the longest run by 0.2 mile to boast 3.5 miles length, requiring an additional snow making coverage of 4

⇨ No impact on ticket prices

PART FOUR

Summary and Conclusion

- Given Big Mountain’s existing facilities, raising ticket prices to cover the increased operating cost is imperative.
- The ticket pricing model can be used as a reference for further investment in facilities.