




# Pricing Strategy Big Mountain Resort

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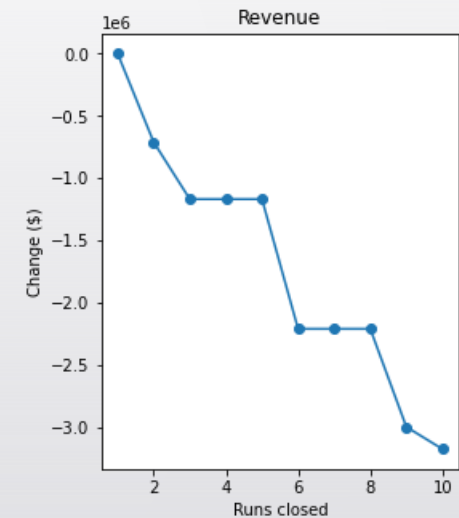
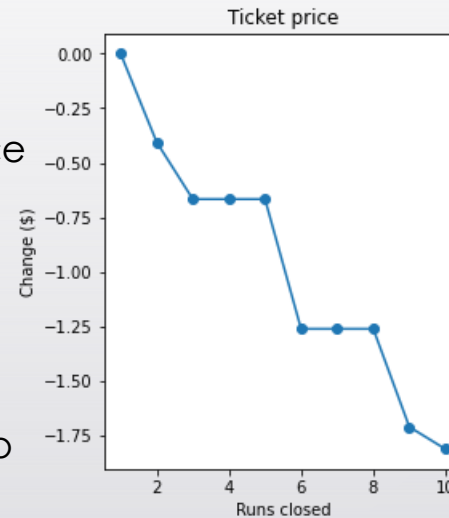


## Problem identification

- Big Mountain Resort is not capitalizing on its facilities as much as it could
- Since it has been charging a premium above the average price of its competitors, upscaling the ticket price is limited
- To set a more efficient pricing strategy, Big Mountain will either
  - cut cost with little or no undermining ticket price, or
  - expand capital to support a even higher ticket price

## Recommendation and key findings - 4 scenarios

- Scenario 1 – Permanently close down 10 of the least used runs
  - Closing 1 run makes no difference
  - Closing 2 and 3 runs reduces revenue
  - Closing 3 to 5 runs makes no difference
  - Closing 6 runs or more will lead to a large drop in ticket price

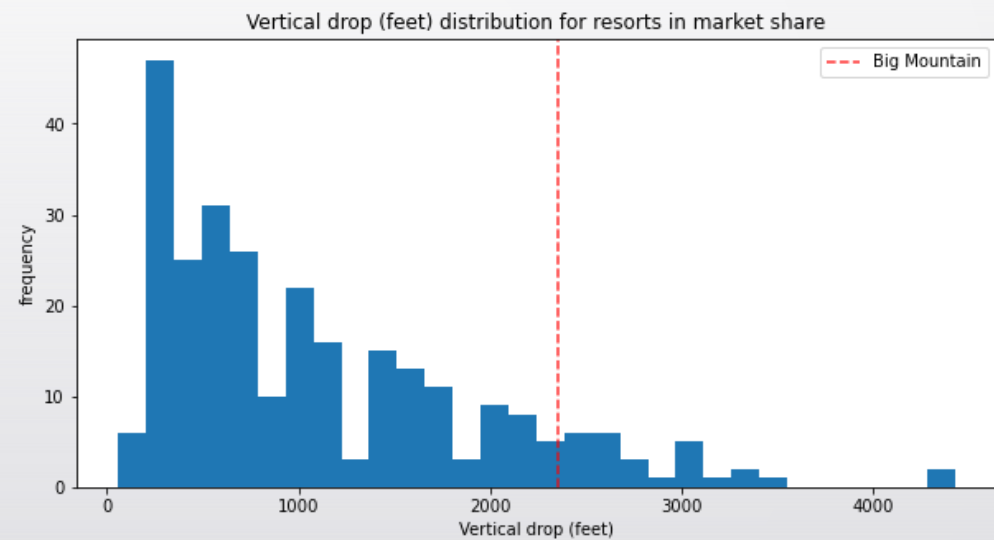




- Scenario 2 – Add a run to a point 150 feet lower to increase the vertical drop, add an additional chair lift to bring skiers back up
  - This increases support for ticket price by \$1.99 per ticket, contributing to an increase of \$3.47M of revenue over the season.
- Scenario 3 – Add 2 acres of snow making coverage on top of scenario 2
  - Adding extra facilities on top of scenario 2 also increases ticket price by \$1.99 per ticket, making no increment in ticket price and revenue compared to scenario 2.
- Scenario 4 – Increase longest run by 0.2 miles, this will require an additional 4 acres snow making coverage
  - This returns no difference in price and revenue because longest run is not an important feature to influence price in the model we choose.

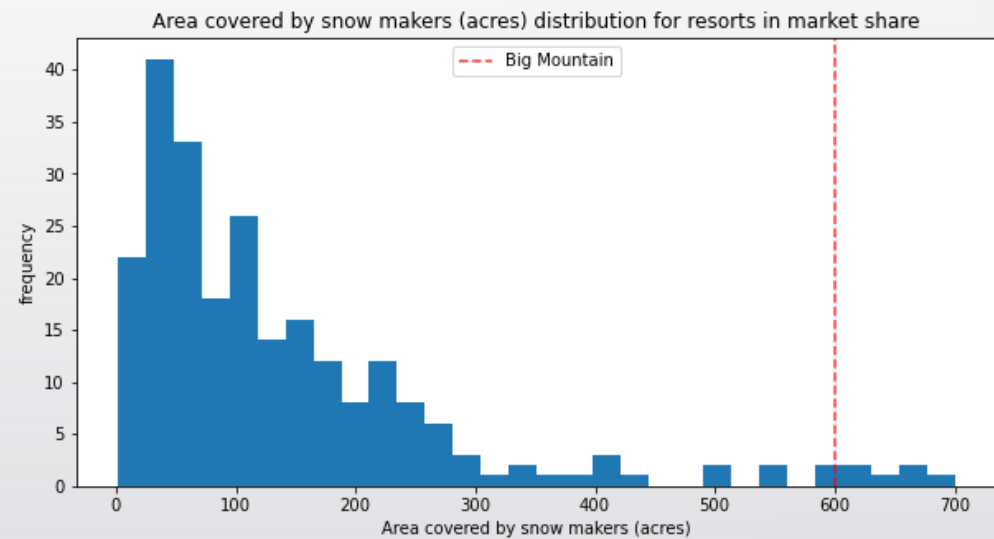
## Modeling results and analysis

- Increase vertical drop will further increase ticket price although Big Mountain has already been in the top quartile of all resorts.



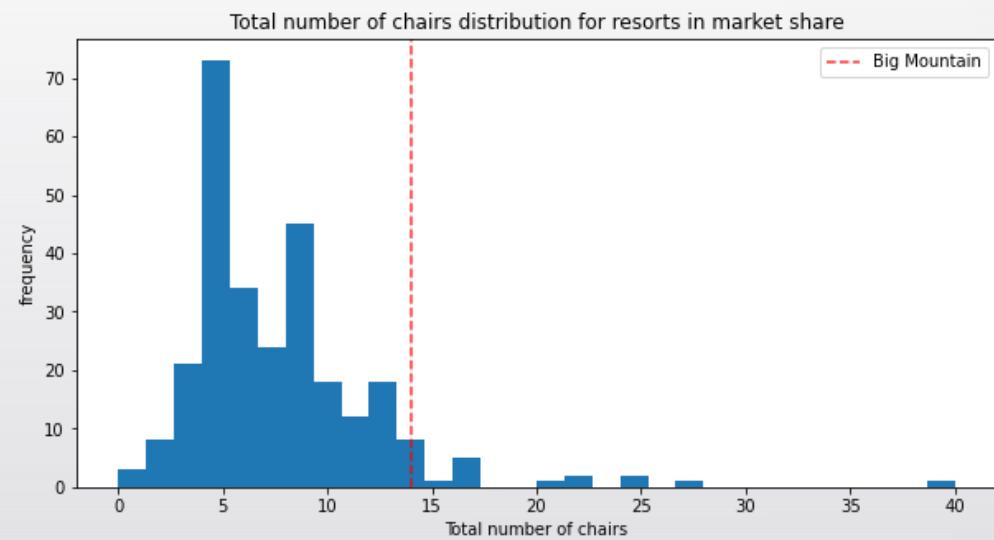


- Increase snow making coverage will increase ticket price. Skiers value more guaranteed snow, which would cost in terms of snow making equipment, which would drive prices and costs up.





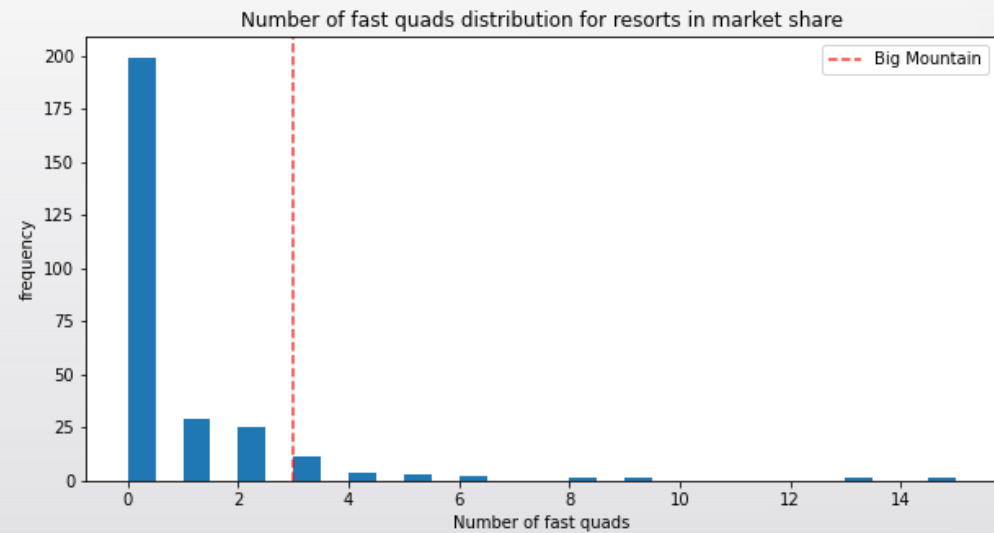
- Increase total number of chairs will increase ticket price. More chairs will bring more skiers back up.







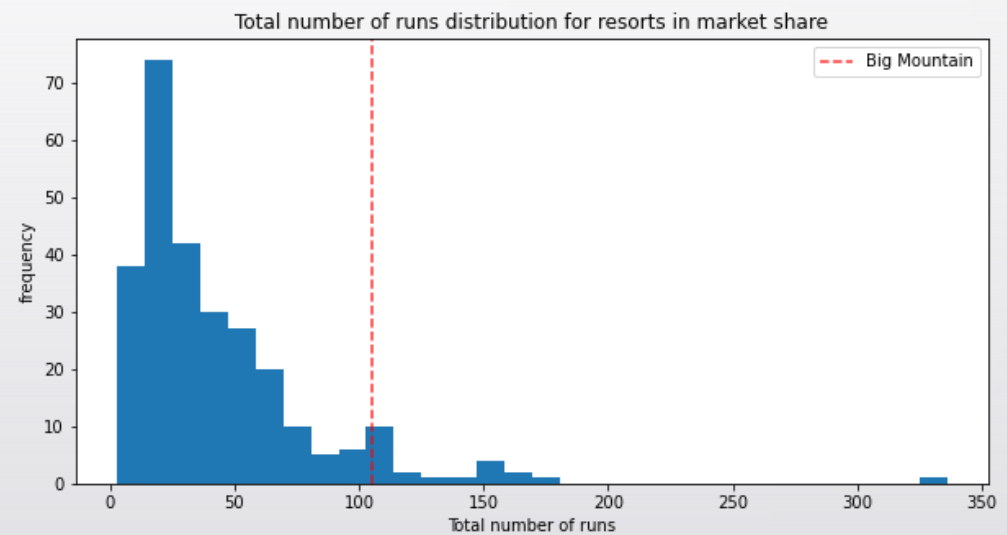
- Increase number of fast quads will increase ticket price.







- Increase total number of runs will increase ticket price. This is similar to number of chairs. More runs will allow skiers to ski.



## Summary and conclusion

- Current adult weekend ticket \$81.00
  - Most expensive in Montana
  - Top quartile across different states
  - Potential: \$95.87 +/- \$10.39
  - Reason: Big Mountain outperforms its norms in 5 most important features

