

Big Mountain Resort

Ticket Price Evaluation – August 2021

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Problem Identification

How can Big Mountain Resort earn a profit this season with a new ticket pricing strategy that will return the highest value for its facilities?

- Big Mountain Resort currently charges \$81 per ticket based on a premium above the current market cost
- 350,000 skiers and snowboarders visit each year
- A new additional chair increases this season's operating costs by \$1,540,000



Recommendation & Key Findings

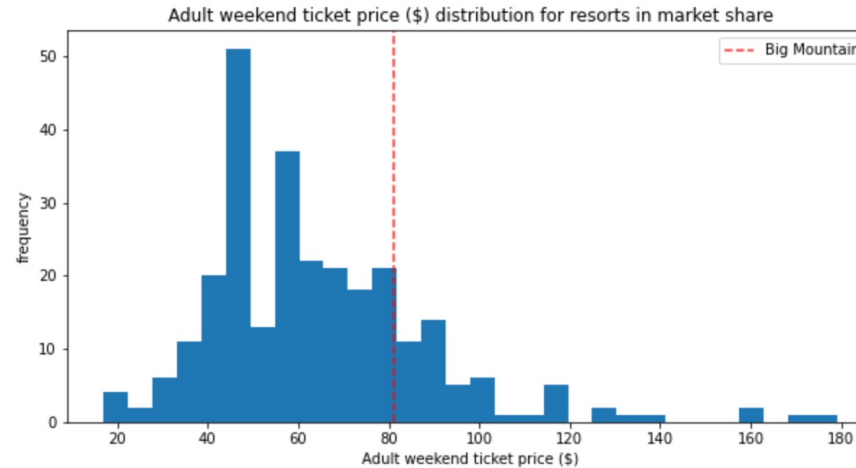
Big Mountain Resort is undercharging for its tickets.

- A predictive model shows Big Mountain Resort ticket prices should be closer to **\$95.87 per ticket** based on the value of facilities the resort provides.
- Big Mountain sits on the higher end when it comes to having the most valued facilities which ultimately increase ticket price:
 - Snow making areas
 - Total number of chairs
 - Fast quads available
 - Number of runs
 - Longest run
 - Largest Skiable terrain

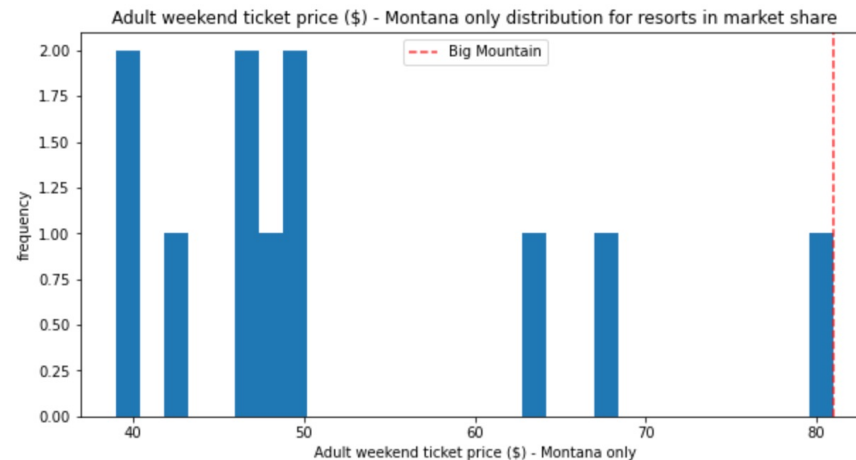


Modeling & Analysis

Big Mountain Resort Current Ticket Price - \$81 per Ticket



At \$81 per ticket, Big Mountain Resort already charges on the higher end for U.S. ski resorts, as well as the highest for Montana-based resorts.

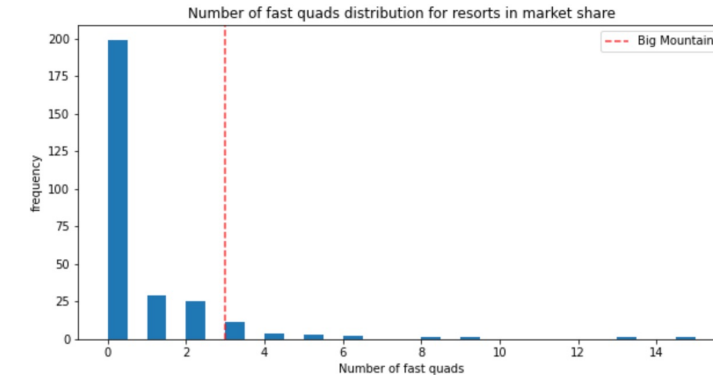
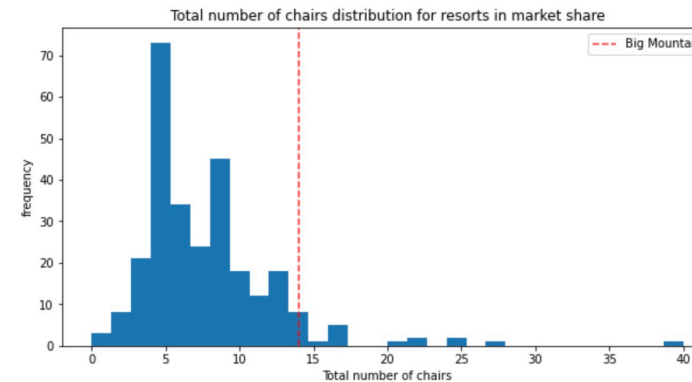
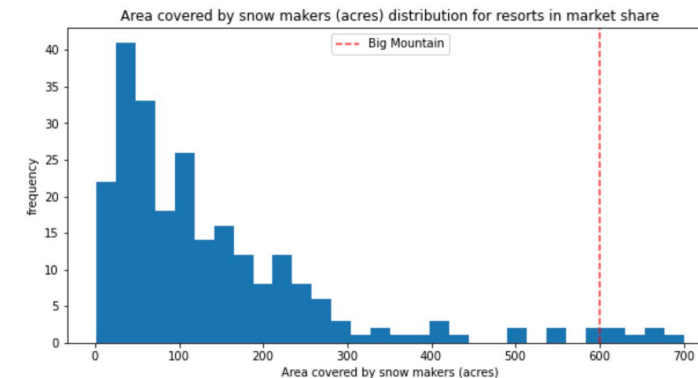
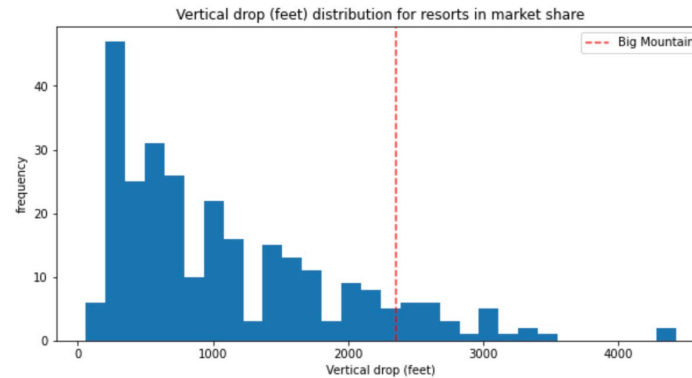


However, the ticket price is still undervalued given the resort's facility offerings.



Modeling & Analysis, cont'd

Big Mountain Resort's Features Compared to U.S. resorts



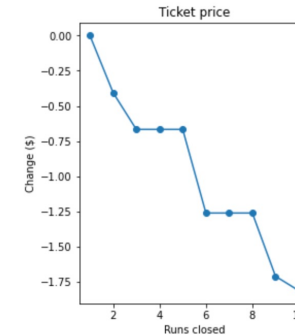
Big Mountain offers a high number of features that are positively correlated to increasing ticket price.



Modeling & Analysis, cont'd

How Adding New Features Impacts Ticket Price

Closing one run does not impact ticket price but closing two and, subsequently, three runs reduces ticket prices, and, therefore, revenue



Adding one vertical drop increases support for ticket price by **\$8.61**

- Expected season revenue increase: **\$15,065,471***

Adding one vertical drop and two acres of snow making increases support for ticket price by **\$9.90**

- Expected season revenue increase: **\$17,322,717***

Increasing the longest run by .2 miles and adding four acres of snow making capability adds **no value** to the ticket price

**Based on 350,000 visitors per season, and, on average, visitors ski for five days*



Summary & Conclusion

Recommendation: Big Mountain increases ticket price to **\$95.87** to more accurately reflect the value its offerings and to cover the operating costs of the new chair lift.

Factors for consideration:

- The model assumes other resorts are priced accurately according to market and consumer demand
- There is potential for missing key data or that other resorts are charging overpriced or underpriced tickets

Alternate scenarios:

- Increase ticket price to \$95.87, and add one vertical drop to further increase the ticket value
- Additionally, close down one run as it will not impact ticket value, and will further cut operating costs

