

# Guided Capstone- slide deck

Kamil Madey





# Problem

- Big Mountain Resort lacks a data driven pricing strategy. Pricing is currently set based on the resorts in its market.
- Big Mountain Resort is not capitalizing on its facilities as much as it could. The importance of certain facilities versus others is not known. This makes it difficult to assess which facilities drive revenue more.



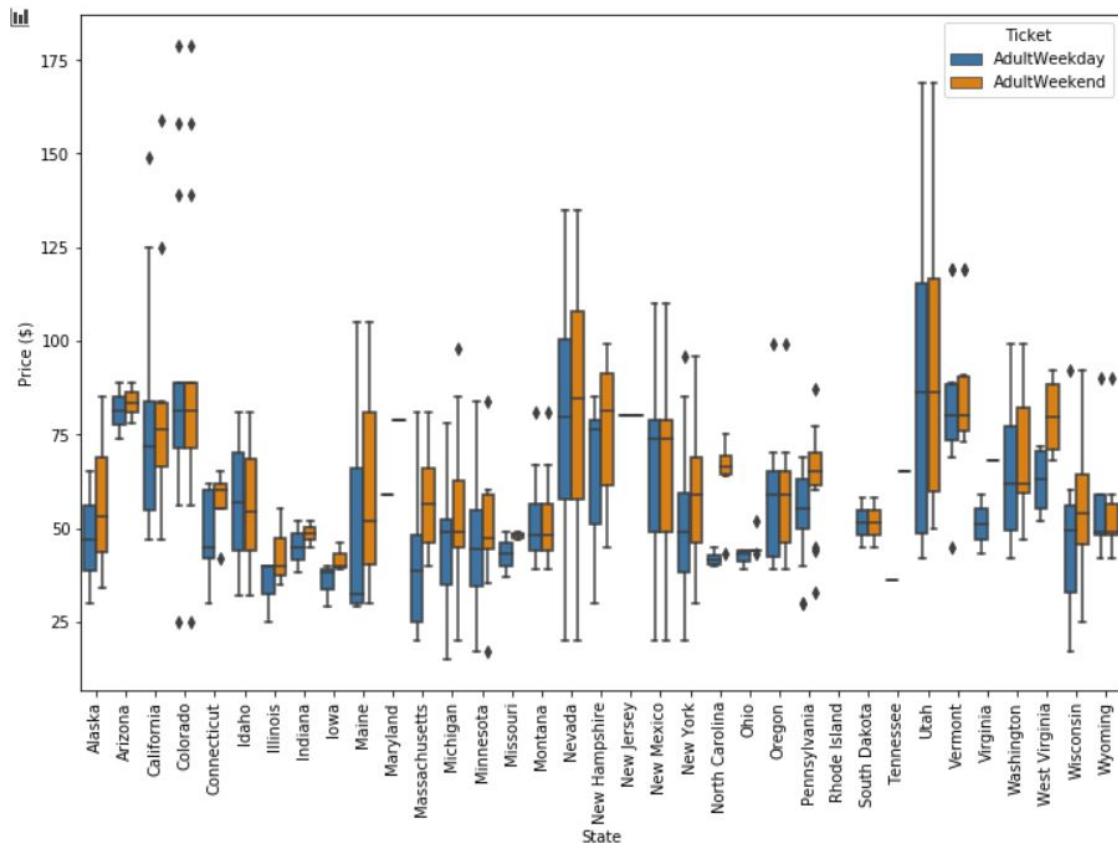
# Key Findings and recommendations

- Big Mountain resort ranks at the top when comparing resort ticket prices in Montana, but in the middle when comparing with the resorts in the U.S.
- The most important facilities impacting ticket price are fast quads, runs, snow making, vertical drop, skiable terrain, and total chairs. Big Mountain Resort ranks ahead of most of the resorts in the U.S in these facilities.
- Adding a run, increasing vertical drop by 150 ft, and installing an extra chair lift would justify a \$1.99 increase in ticket price leading to a net profit of \$1,934,638 for the season.
- Closing the least popular run has no impact on revenue loss and would save on maintenance costs for the run.

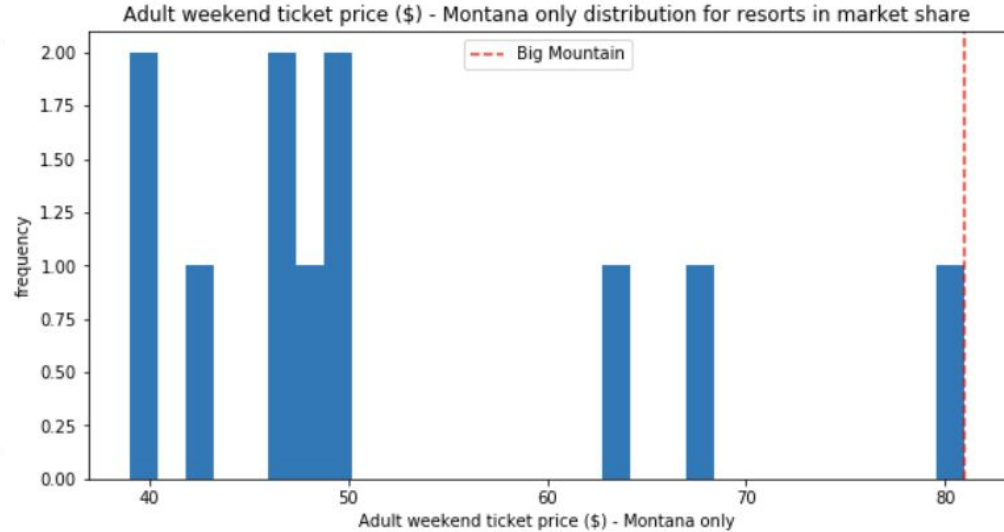
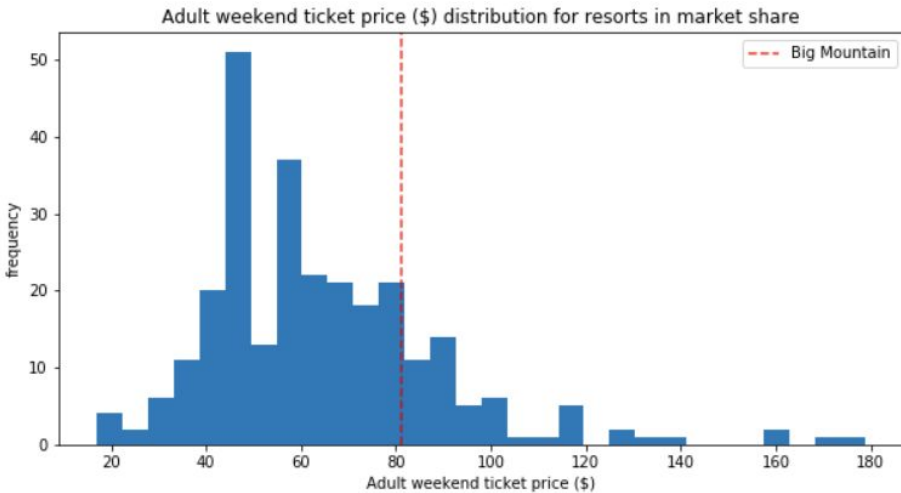
# Modeling results and analysis

We first get a sense of how Montana ranks in terms of resort ticket price versus the rest of the states in the country.

Montana has a narrow range of prices and falls around the average with the rest of the country.



# Modeling results and analysis



We also wanted to compare Big Mountain resort's ticket prices against the Montana market and the U.S market.

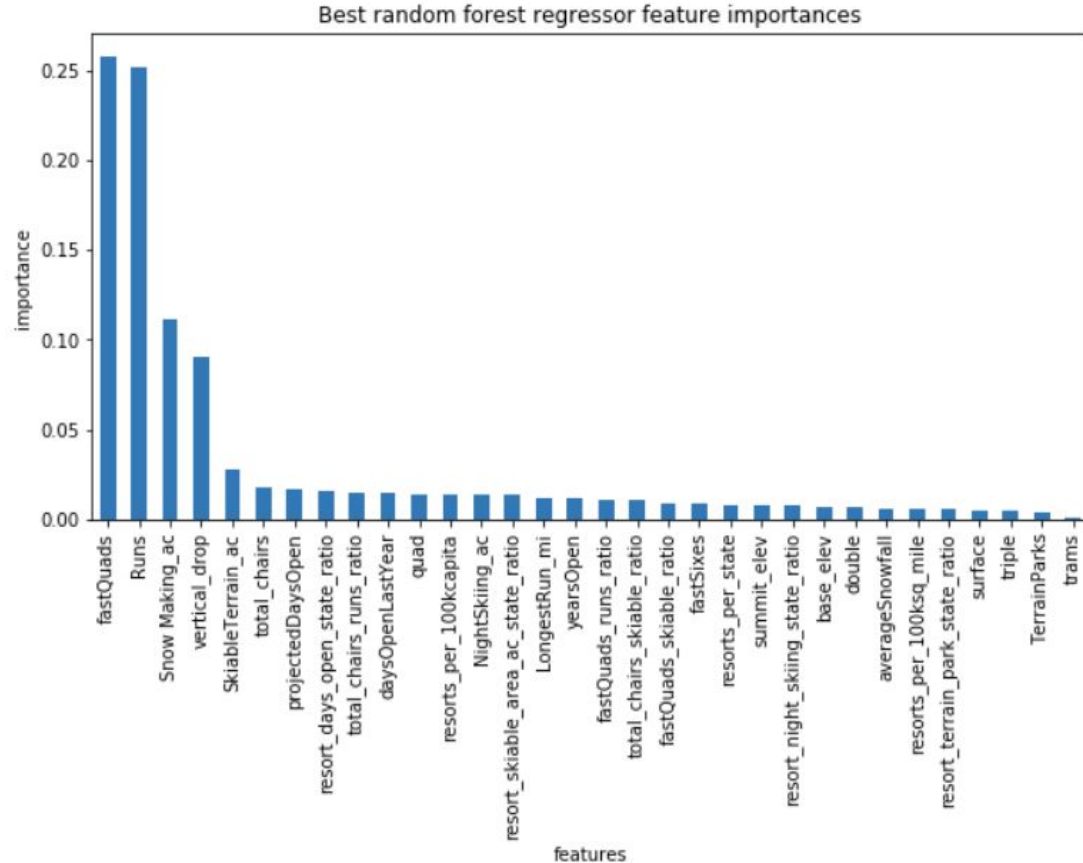
With a ticket price of \$81, we see that Big Mountain resort sits at a premium in Montana but only average in the U.S. Is there justification to increase the price then? We need to look at the facilities.

# Modeling results and analysis

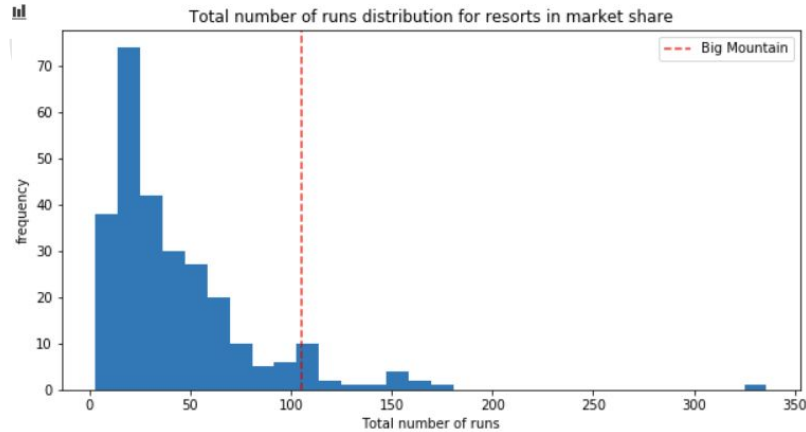


From our random forest model, we see that the most important facilities contributing to price are fast quads, runs, snow making acres, vertical drop, skiable terrain, and total chairs.

We need to see how Big Mountain ranks on these facilities.

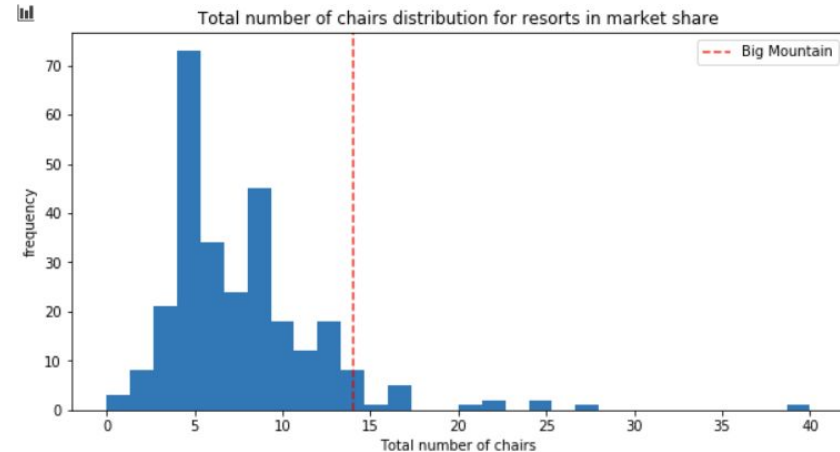
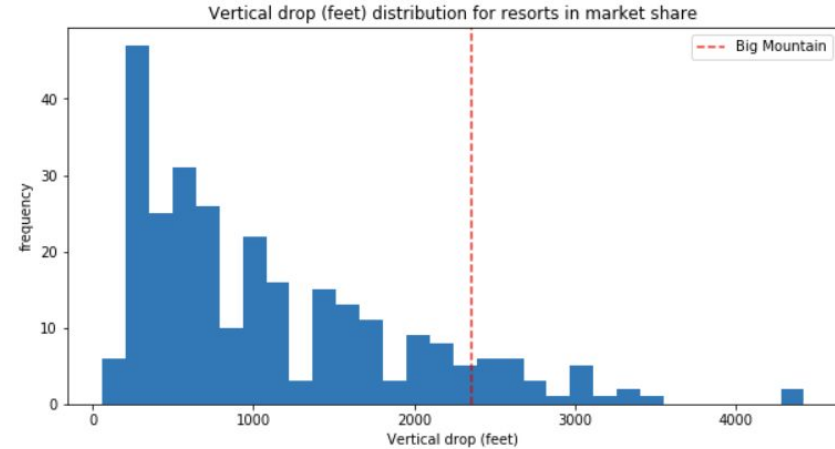


# Modeling results and analysis

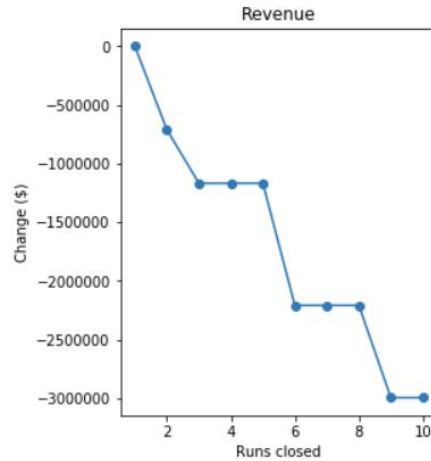
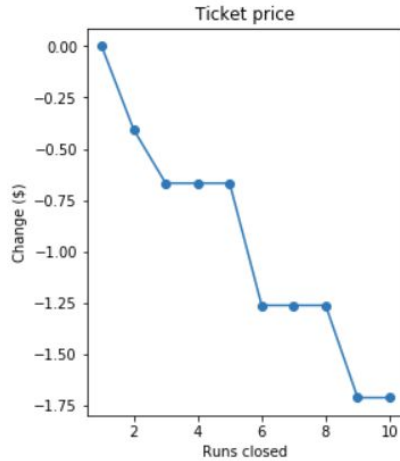


We see where Big Mountain ranks in terms of these important facilities.

We use this in the next step to create our model supporting increased ticket price.



# Summary and conclusion



Another scenario highlighted loss in revenue versus runs closed.

This predicted model shows that closing one run has no impact on revenue, so closing the least popular run would save on maintenance costs and not impact overall profits.

What we've identified so far is that Big Mountain resort is priced on the average when compared to the U.S. market. This is despite the resort having more of the important facilities that contribute to price than most of the market. This provides room for Big Mountain to increase ticket prices.

The model predicts the difference between the scenarios prediction and the current prediction. The scenario we modeled consisted of adding a run, increasing vertical drop by 150 ft, and installing an extra chair lift. The predicted ticket price increase from this would be \$1.99. On the basis of each visitor from the average of 350,000 per year buying 5 tickets in the season translates to a gross revenue of \$3,474,638. Taking away the \$1,540,000 it takes to operate a new lift would leave \$1,934,638 in net profit.