




BIG MOUNTAIN RESORT

Pricing Recommendations



Current Situation and Problem

- Big Mountain Resort recently installed an additional chair lift to help increase the distribution of visitors, which increased operating costs by \$1,540,000 per season.
- Their ticket pricing is currently based on charging a premium above the average price of resort in its market segment
- They are looking to base their ticketing price on a more data-driven strategy and/or look for strategies to cut costs to offset the price of the new lift.

Recommendations

- Add a run, increases the vertical drop by 150 feet, and installs an additional chair lift
 - *Would increase ticket price value*
 - *Would increase maintenance costs*
 - *It should be evaluated if the increase in maintenance costs would be worth the increase in revenue from ticket prices*
- Close 1 or 5 runs
 - *Currently have one of the larger amounts of runs*
 - *Could decrease ticket price and revenue*
 - *Would decrease maintenance costs*
 - *It should be evaluated if the decrease in maintenance costs would benefit a small decrease in runs*

Ticket Price Increase

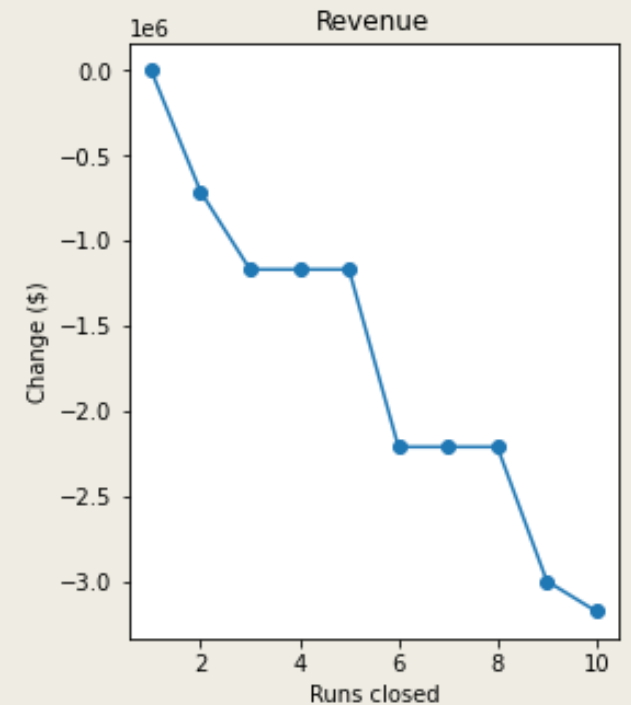
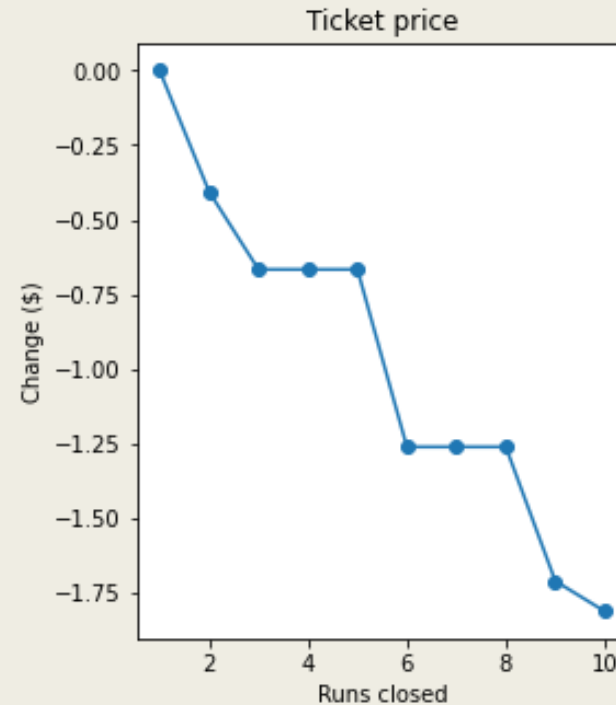
- Big Mountain is currently charging \$81 per day.
- Based on our data, our model determined that the price for Big Mountain Resort would be \$95.87.
- Even with the expected mean absolute error of \$10.39, this suggests there is room for an increase.
- It should be noted that our model is reliant on the idea that the other resorts used in the data have priced their tickets properly.

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- Based on our models, this would support a ticket price increase of \$1.99
- Over the season, this could be expected to amount to \$3,474,638

Closing Runs

- *Closing 1 run would not decrease ticket value or revenue*
- *Closing 5 runs would decrease ticket value and revenue, but by the same amount as closing 3 runs and would decrease maintenance costs.*



Summary

- Big Mountain Resort can justify a ticket price increase based on the data from other resorts.
- By adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift, ticket price can be increased by \$1.99.
- By closing 1 or 5 runs, the maintenance costs can be decreased with little or no decrease to ticket price value.