

Big Mountain Resort

Price strategy and cost control model analysis

Problem Identification

Problem:

Lack of a competitive pricing strategy.

Goals:

Select a better price for tickets.

Cut costs without undermining the current ticket price.

Approach:

Make changes on facility use.



Recommendation & key findings

Key findings:

- Big Mountain's current ticket price is underpriced.
- Close one Run makes no difference to the ticket price

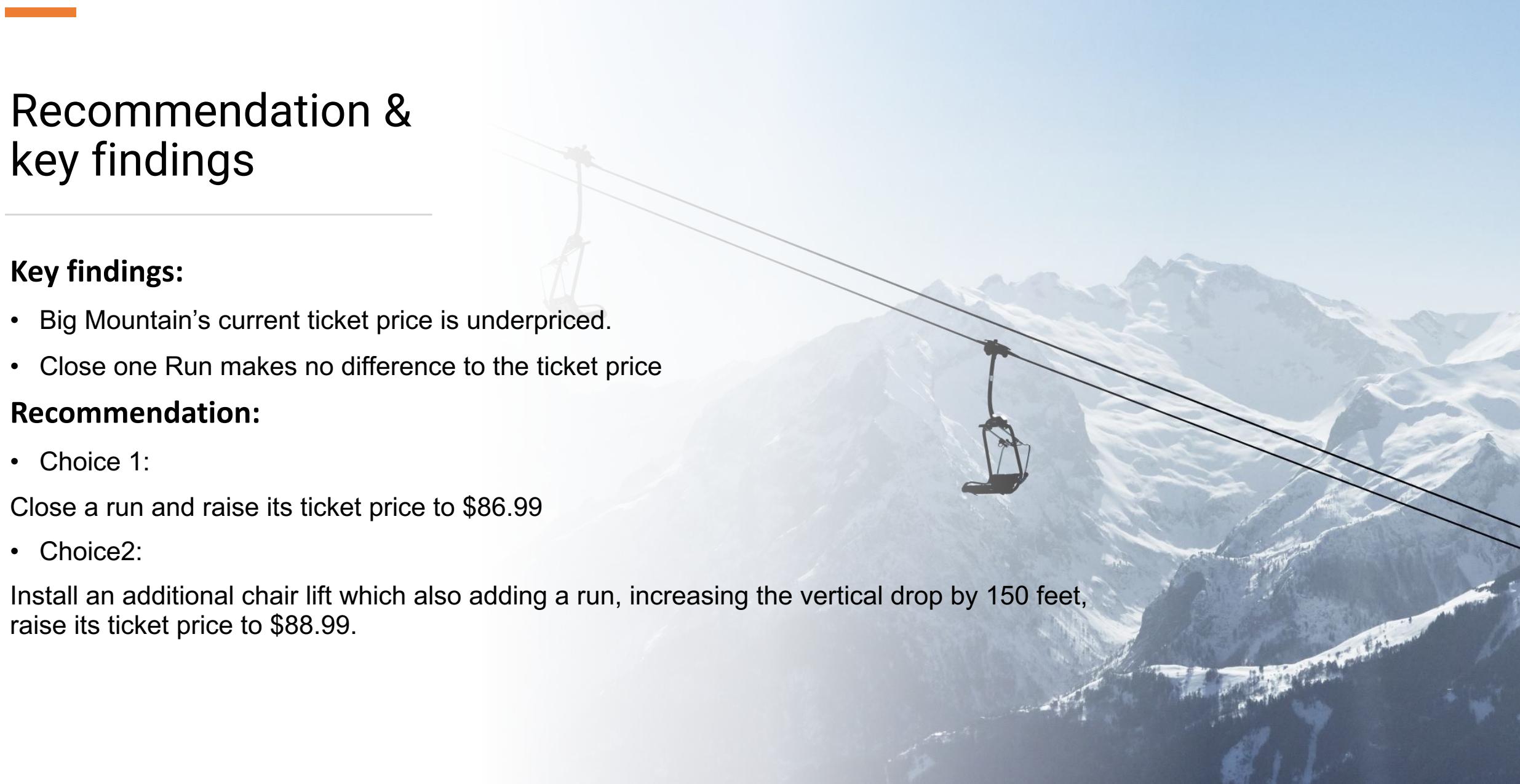
Recommendation:

- Choice 1:

Close a run and raise its ticket price to \$86.99

- Choice2:

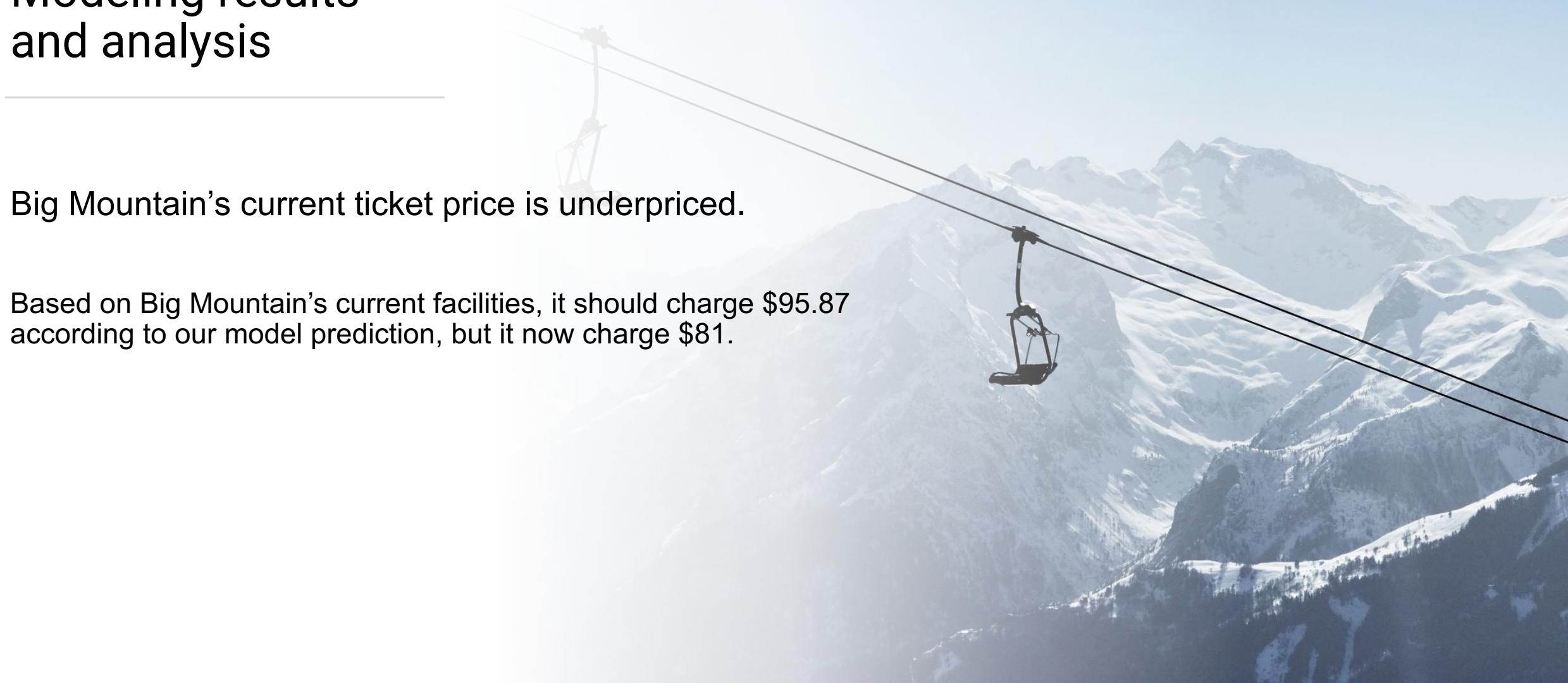
Install an additional chair lift which also adding a run, increasing the vertical drop by 150 feet, raise its ticket price to \$88.99.



Modeling results and analysis

Big Mountain's current ticket price is underpriced.

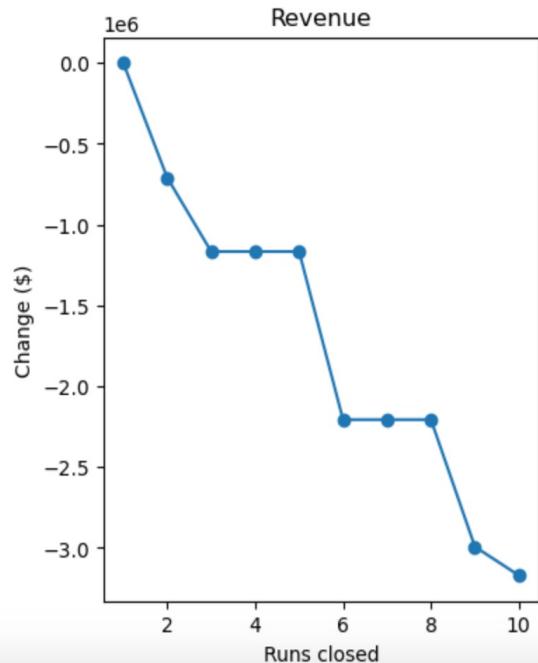
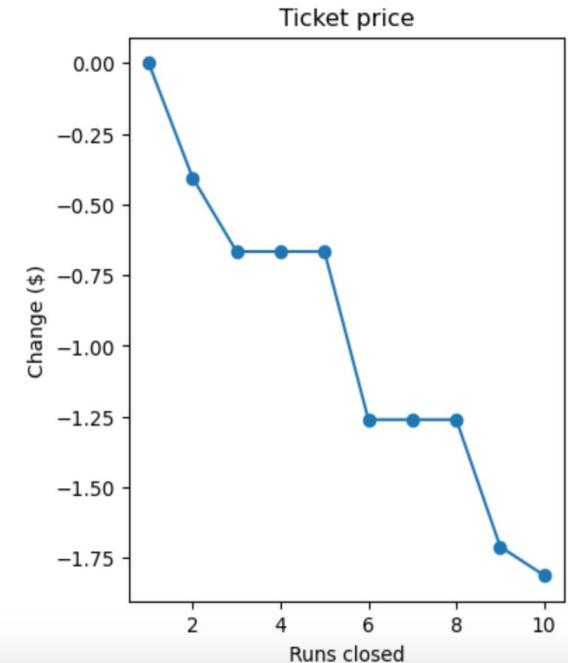
Based on Big Mountain's current facilities, it should charge \$95.87 according to our model prediction, but it now charge \$81.

A black and white photograph of a cable car system set against a backdrop of majestic, snow-covered mountain peaks. A single cable car is visible in the foreground, suspended from a cable. In the background, the rugged terrain of the mountains is partially covered in snow, with some dark rock exposed. The sky is clear and blue.

Modeling results and analysis

Choose the right number of runs to close could cut cost and have different impact on the ticket price.

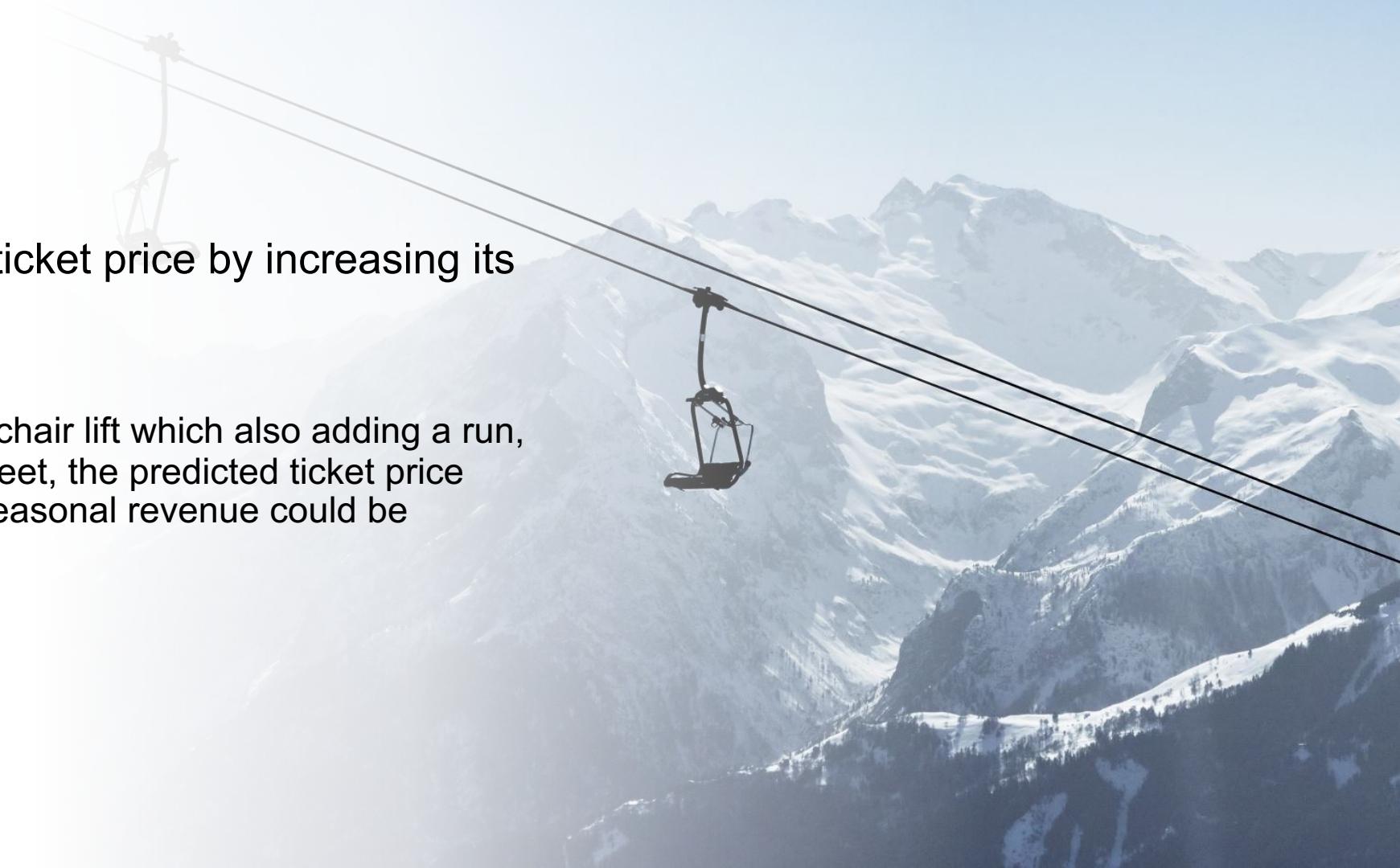
If Big Mountain close only one run, it makes no difference on the ticket price.



Modeling results and analysis

Big Mountain can increase its ticket price by increasing its vertical drop

If Big Mountain install an additional chair lift which also adding a run, increasing the vertical drop by 150 feet, the predicted ticket price can be increase by \$1.99 and the seasonal revenue could be expected to increase \$3,474,638.



Summary and conclusion

Conclusion for now:

Based our current data and model, we can say that Big Mountains' ticket price is underpriced, and we should raise Its price.

To cut cost, we can close one or more runs.

Need to do in the future:

For the good of the company, we can not ignore the visitor number which would have huge impact on company's revenue.

