

Guided Capstone Project Report

Big Mountain Resort is a ski resort in Montana. The resort is currently looking into ways to better influence their pricing strategy to reflect the premium nature that the resort offers its customers. Currently the resort is charging \$81 per adult ticket. The resort is also currently adding a chair lift and considering adding another run. They want to know, based upon looking at the features that they offer, how to better price out their tickets.

I have found statistical support for an increase in ticket price of around \$15. The new suggested ticket price from the created model is \$95.87. This ticket price was found by looking at the metrics of features offered at various ski resorts across the US compared to how those resorts priced out their tickets. Some of the features that were found to be of special importance in determining ticket price were the following:

- Vertical Drop
- Snow Making Ability
- Total Chairs
- # of Fast Quads
- # of Runs
- Length of Longest Run
- # of Trams
- Skiable Terrain

Because of the premium nature of Big Mountain Resort, they are already among the Nations leaders in most of these categories. After creating statistical models that centered around these features and looking at how similarly ranked resorts priced their tickets, this new suggested ticket price was created.

Big Mountain Resort also has installed a new chair lift. This needs to be factored into the ticket price. According to the BMR, the operating costs of the resort will increase by \$1,540,000. When factoring in an anticipated 350,000 visitors this

upcoming season, a ticket price increase of just \$1.99 would result in \$3,474,638 of revenue. This would more than cover the new operating costs.

BMR had proposed several additional future improvements. The one that the model showed having the most positive impact on ticket price proposal was adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift. After going a step further, it was determined that BMR could get by without adding a run, and may even be able to close one without negatively impacting the ticket price. This would help offset operating costs, while keeping support for the ticket price increase.

The upcoming season is going to be very successful at Big Mountain Resort. Increasing the ticket price to better reflect the premium nature of the features offered at the resort will result in increased revenue for the resort, without pricing themselves out of their own league.