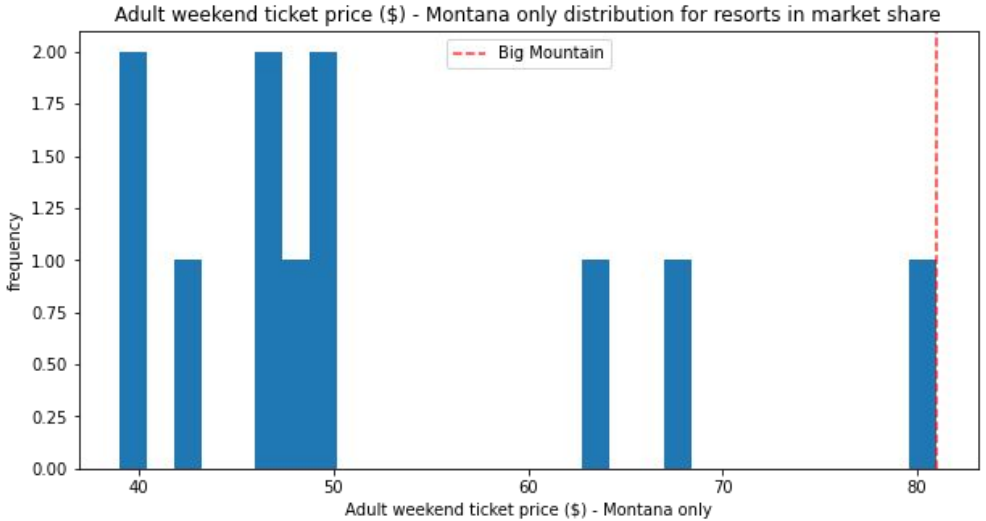
How can Big Mountain Resort increase revenue by the end of this season?

Big Mountain Resort has invested a lot of money to the many facilities they offer for its yearly 350,000 customers and can accommodate skiers and riders of all levels and abilities. This season there were increased operating costs (additional chair lift operating expense $1.54 Million).



This analysis aims to get insight into a data-driven pricing strategy and find ways to increase revenue.

Currently, the ticket price is high relative to other ski resorts in Montana (shown in red). This analysis includes 330 resorts in the US that are part of the same market segment.

Key Findings

The data predicts Big Mountain's ticket price to be approx $4.50 higher than the current price of $81 for a weekend ticket. There is room for Big Mountain Resort to do a price increase of $4.50 on both weekend and weekday ticket prices without any facility changes. Over a ski season, this would increase revenue by 7.8 Million.

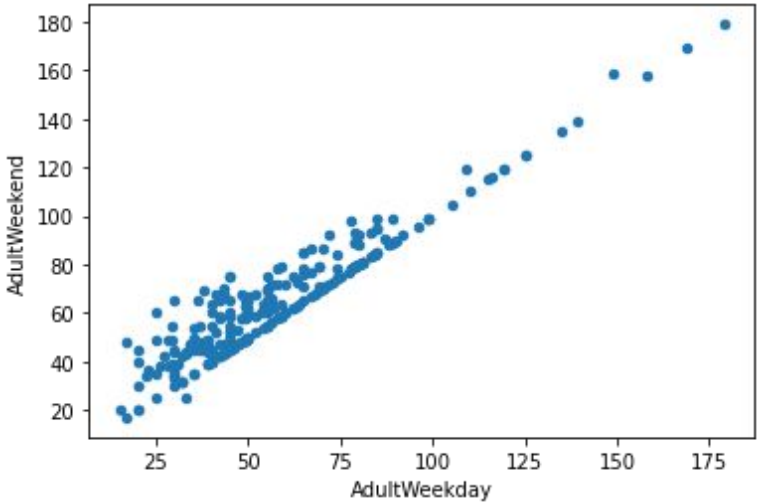
Recommendations

A few facility upgrade scenarios were also analyzed. The top choice is to increase the vertical drop by adding a run to a point 150 feet lower down and installing an additional chair lift.

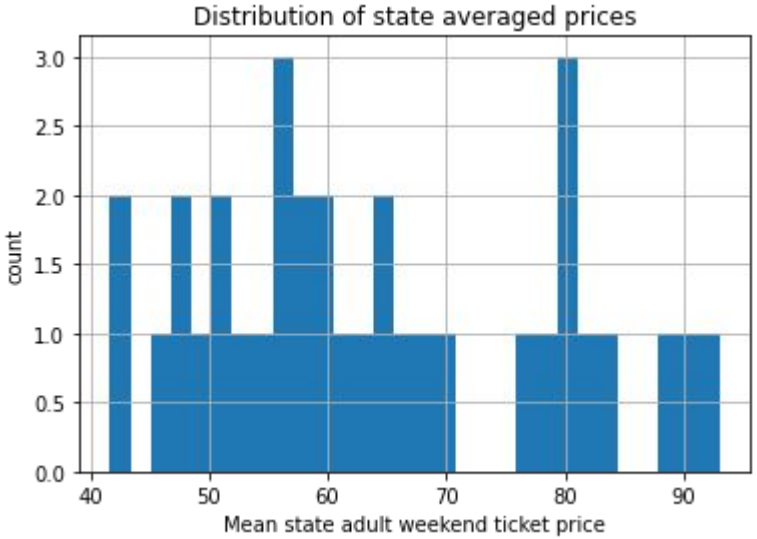
The model predicted an increase in ticket price of $1.99 per ticket. Over a season, the predicted increase in revenue from this scenario would be $3.47 Million.

Ticket pricing trends

The weekday vs. weekend ticket pricing was the same in the state of Montana, so it makes sense for Big Mountain Resort to keep this pricing strategy



The average weekend ticket prices vary a lot across resorts from other states, as is dependent more on facilities than state



What facilities have a high yield?

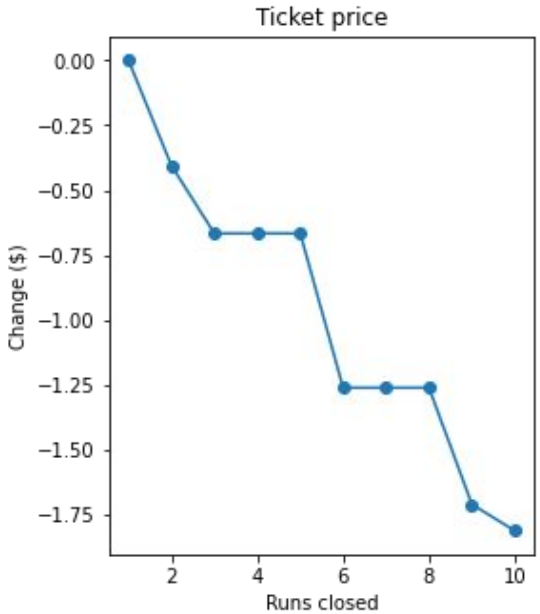
The model shows the top four features that are positively correlated to ticket price:

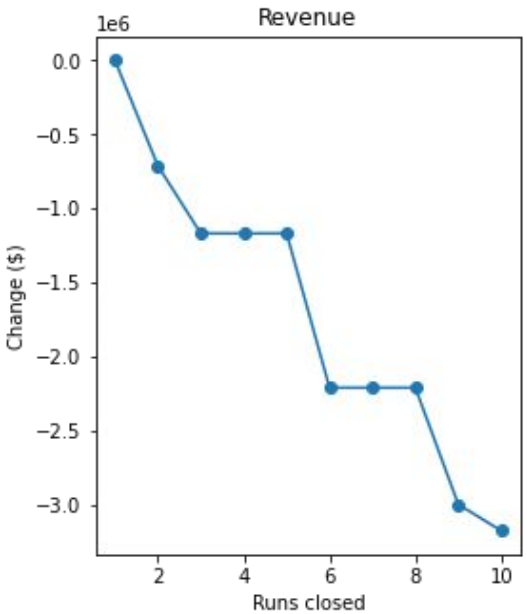
1. The number of fastQuads i.e. fast four person chairs
2. Number of Runs on the resort
3. Total area covered by snow making machines (acres)
4. Vertical drop between summit and base (feet)

Recommendations for future investment strategy would be to do a cost-benefit analysis on these 4 facilities.

Big Mountain Resort can find ways to cut operating costs in facilities that make little to no difference in ticket price, such as removing 1 run (the predicted ticket price had no price change)

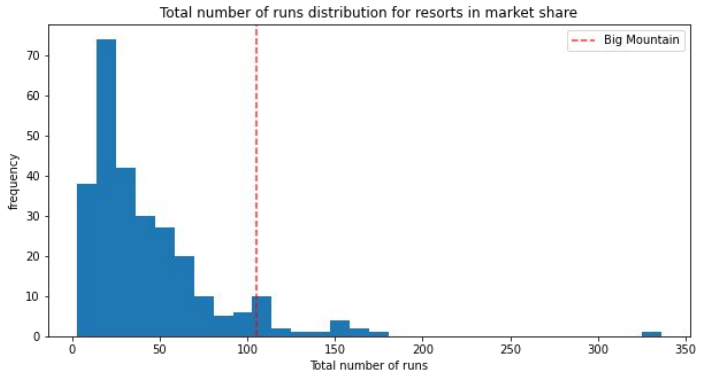
This graph shows the predicted ticket price change per ticket vs. the number of runs closed

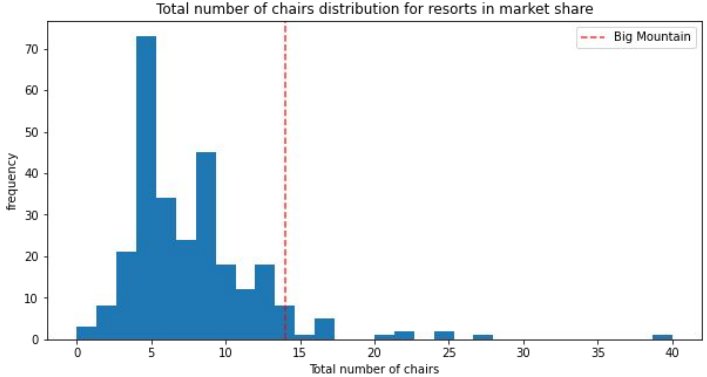


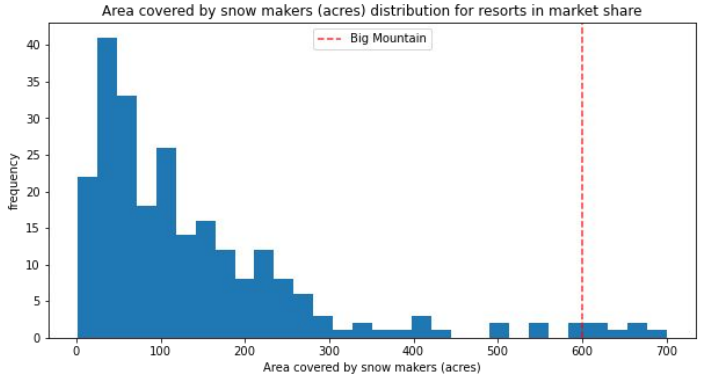


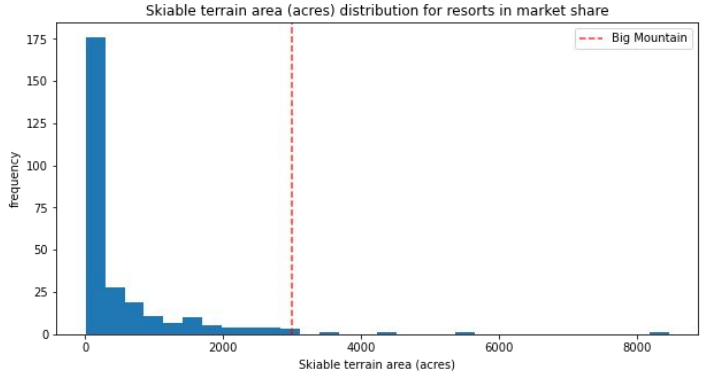
Where can operation costs be cut?

Plotting the distribution of facilities for all 330 resorts shows Big Mountain Resort (red line) sits on the high end of a lot of facilities counts. The top areas to investigate are snow making area, total number of chairs, total number of runs, and skiable terrain area.









Summary

Big Mountain Resort can increase revenue by the end of the skiing season by increasing ticket prices for both weekend and weekday prices by $4.50 per ticket.

Leadership can do a cost-benefit analysis on the facilities. The top 4 facilities correlated to ticket price are: number of fastQuads, total Runs on the resort, area covered by snow making machines, the vertical drop.

Future ski seasons' revenue can be increased from raising ticket prices, investing in facilities that are positively correlated to ticket prices, and strategically reducing certain services that have no effect on ticket price, E.g. closing the number of runs