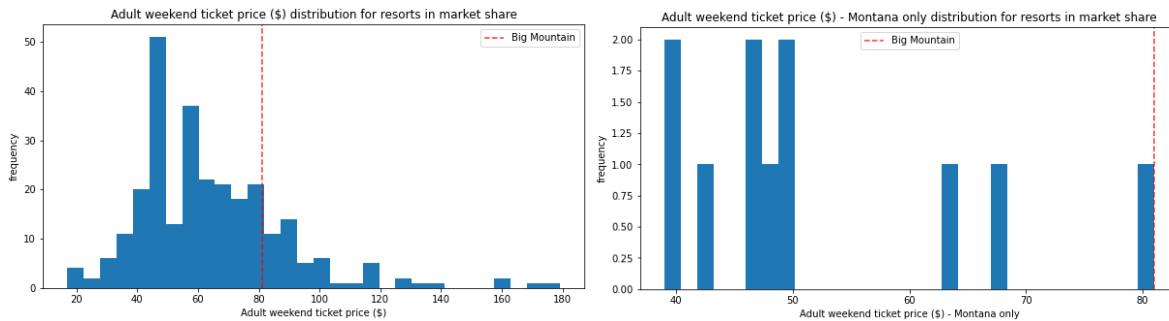# Big Mountain Resort

## Business Strategy

### Executive Summary

The Big Mountain Resort is a ski resort in Montana that services 350,000 visitors each year with an average of 5 days of skiing per visitor. The current adult ticket price of $81.00 was determined by a simple pricing strategy of charging a premium above the average ticket price of all resorts in its market. Leadership is concerned that they may be undervaluing the ticket prices based on the features that Big Mountain provides. They would like a more data-driven approach to determining pricing and investment opportunities.

A machine learning model was developed to predict the optimal ticket price for the Big Mountain resort based on the data collected on 330 ski resorts in the United States. The model analyzed 26 features of the resorts and predicted an optimal ticket price of $95.87 +/- $10.39 for the Big Mountain resort.
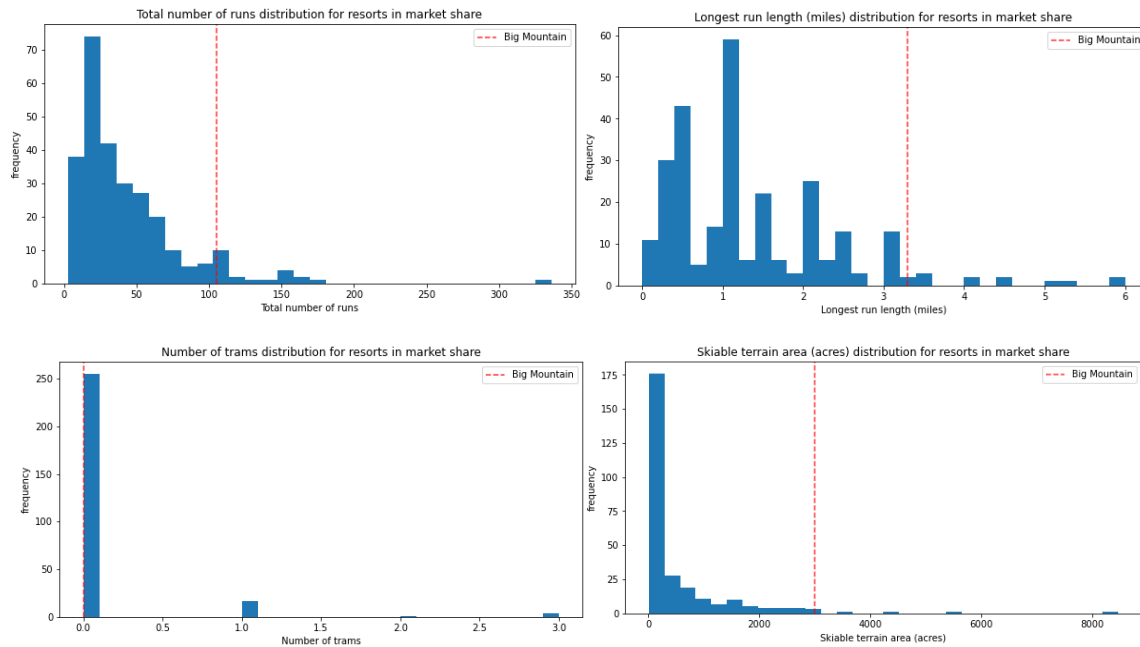
### Analysis

Big Mountain's current ticket price of $81.00 is higher than most other resorts in the United States and is the highest ticket price in Montana.



Based on the analysis, the following features were determined to have the most significant impact to ticket prices. Big Mountain Resort is in the top echelon for all features except for the number of trams.
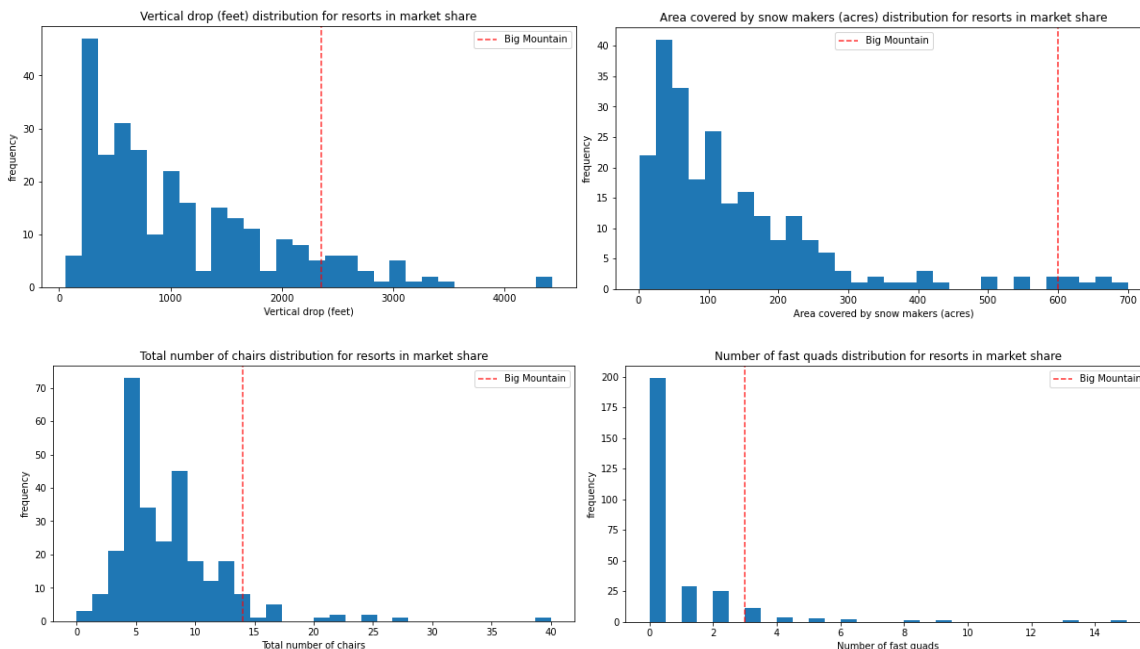
## Recommendations

The model suggests that the Big Mountain resort could raise the Adult Weekend ticket prices from $81.00 to $95.87 (+/- $10.39) per ticket. This would increase annual revenue by $26,022,500. However, this analysis is based on a defined set of resort features and does not consider other potential information that could have a significant impact on ticket prices. Therefore, it would be prudent to take a cautious approach to increasing ticket prices and consider the following recommendations.

- ➤ Implement a stepped approach to raising ticket prices. Start by raising the Adult Weekend ticket price to $85.00. After confirming that the increase does not negatively impact revenue, continue with a stepped approach to raising the Adult Weekend and Adult Weekday ticket prices.
- ➤ Close one of the least utilized runs in order to save money and increase profits. Closing 1 run would have no impact on the predicted ticket price. Continue to analyze the operating costs of the 10 least utilized runs in order to compare the savings of closing the runs with the predicted decrease in ticket prices of $0.41 - $1.81 depending on the number of runs.
- ➤ The predicted ticket price could be further increased by $1.99 by constructing an additional run and chairlift at the base of the mountain in order to add 150 feet to the vertical drop. Perform cost analysis of the construction and operating costs with the additional $3,474,638 in annual revenue that would be gained.
- ➤ Collect additional data on resorts in the market such as capacity, utilization, and visitor demographic information in order to enhance the model and improve the quality of the predicted ticket price.