



Pricing Strategy Recommendations for Big Mountain Resort

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Identifying the Pricing Challenge

Objective: Determine if Big Mountain Resort is underpricing its tickets relative to the facilities offered.

Current Situation: Despite offering competitive facilities, the resort's ticket prices may not fully capture the value provided, potentially missing out on revenue.

Benchmarking Against Competitors

Facility Comparison: Big Mountain ranks highly in terms of the number of runs, vertical drop, and snow-making capabilities compared to competitors.

Price Mismatch: The current ticket prices do not reflect these strengths, suggesting a possible underpricing issue.

Data-Driven Recommendations

Recommendation: Increase ticket prices by enhancing core facilities.

Key Findings:

- Facility improvements like adding runs, increasing vertical drop, and expanding snow-making capabilities could justify a higher ticket price.
- Predicted revenue gains support these enhancements.

Impact of Facility Enhancements on Ticket Prices

Model Overview: We used a regression model to predict ticket prices based on various facility features.

Results: Adding 1 run, 150 feet of vertical drop, and expanding snow-making capacity by 2 acres could significantly increase the ticket price.

Visual: Graph showing the relationship between facility improvements and ticket price increases.

Projected Revenue Gains from Price Adjustments

Scenario Analysis: Calculated the potential revenue increase assuming each visitor buys 5 tickets.

Revenue Impact: The price increase from facility enhancements could lead to substantial revenue gains.

Visual: Bar chart showing projected revenue growth based on different facility enhancements.

Balancing Costs and Revenue

Cost Analysis: Evaluated the additional operating costs (e.g., new chair lifts) against the potential ticket price increase.

Outcome: The increase in revenue from higher ticket prices would more than cover the additional costs, leading to increased profitability.

Visual: Cost vs. revenue chart for various scenarios.

Strategic Recommendations for Implementation

Conclusion: Big Mountain Resort can justify higher ticket prices by strategically enhancing key facilities.

Next Steps:

- Implement phased price increases, monitoring customer response to minimize risk.
- Make the predictive model accessible to business analysts for ongoing scenario testing and decision-making.
- Conduct tests on run closures to understand their impact on customer satisfaction and sales.