Big Mountain Resort Pricing Strategy Analysis

- A Project Report Presented by Mahmuda Yasmin

Problem Statement:

Big Mountain Resort, a ski resort, has recently installed an additional chair lift to help increase the distribution of visitors. This increased their operating costs by $1,540,000 this season. Their pricing strategy is to charge a premium above the average price of resorts in its market segment. The business wants some guidance on developing a data-driven business strategy to reach an optimum point of profit margin.

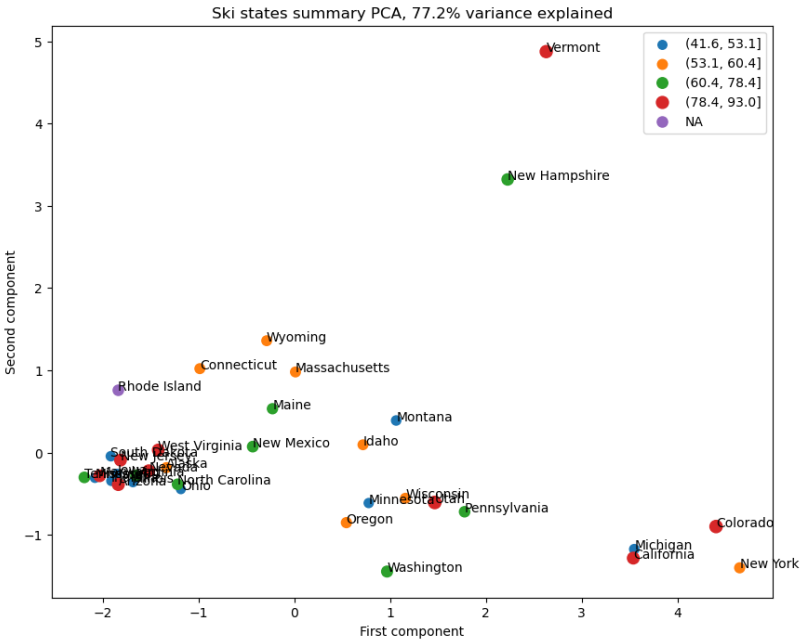
Background:

Big Mountain Resort is one of the leading destinations for winter vacation in Montana. There has been some change in business plan for the betterment of profit margin, such as initiative to increase ticket price, bring some change in the offered facilities to the skiers etc

This project is to come up with a pricing model for ski resort tickets in our market segment. Big Mountain suspects it may not be maximizing its returns, relative to its position in the market. It also does not have a strong sense of what facilities matter most to visitors, particularly which ones they're most likely to pay more for.

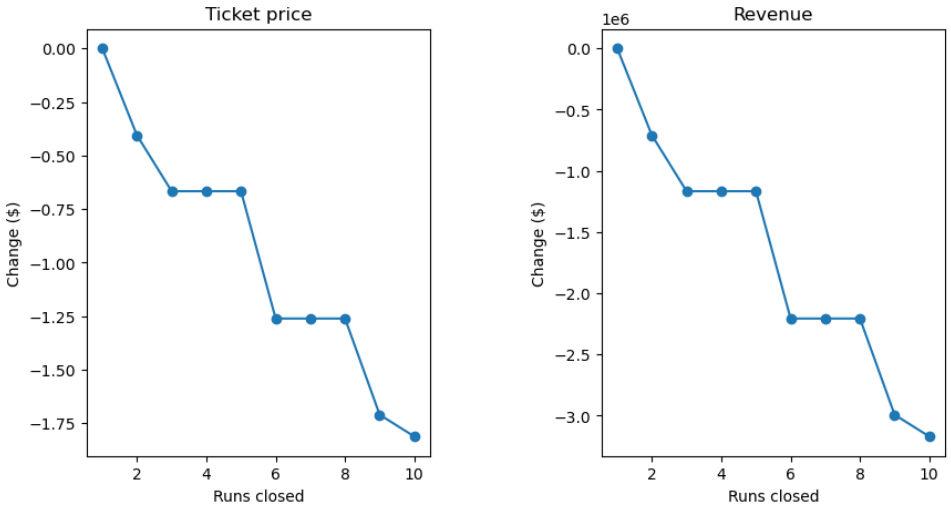
This project aims to build a predictive model for ticket price based on a number of facilities, or properties, boasted by resorts (*at the resorts).* This model will be used to provide guidance for Big Mountain's pricing and future facility investment plans.

Analysis:



From the chart above, we see that the average ticket price by different states in USA, Montana falls in the lowest range of ticket price than any other states.

From our Analysis, we found that the resort can close up tp 6 runs per day without large drop in revenue.



Recommendations:

The current Ticket Price is 81.00$ per adult, and our analysis recommends an increase up to 96$ per adult. Features affecting the Ticket price are-

- Vertical Drop
- Snow Making
- Total Chairs
- fastQuads
- Runs
- Trams
- Skiable Terrains.

The analysis also recommends an increase the vertical drop by 150 feet and install an additional chair lift along with installing an additional chair lift. Also, it recommends increasing the longest run by 0.2 miles to reach 3.5 miles requiring additional snow making coverage of 4 acres.