

Big Mountain Resort Ticket Price Recommendations

Current state

Big Mountain resort currently charges \$81 for an adult ski day pass. Currently, this price point is undervalued compared to other resorts with similar large facilities in the USA.

Recommendations

1. Raise ticket price \$95.87

The ticket increase of \$14 is based on Big Mountain's position in the market as having one of the largest facilities relative to its competitors. Big Mountain has one of the largest snow making areas, number and length of runs, number of fast quads, some of the highest vertical drop, and total skiable terrain. An advertisement campaign to promote these facilities could be "Largest Ski Resort in Montana". See figures 2-8 for Big Mountain comparison to the market.

2. Add another run to increase the total vertical drop

Increase the total vertical drop by adding another run would require a new chair lift, but the additional revenue of \$2 per a ticket would cover the operating cost. Assuming a new chair will have the same operating cost of the recently installed chair lift \$1.54 million, the new run will increase revenue by \$3.47 million, thus, covering the operating cost of the new chair lift and the proposed new chair lift.

3. Remove one run

While recommendation 2 suggests adding a run, my research has shown that removing one run will not decrease current revenue. Thereby, closing the least used run would save on operating cost without damaging revenue.

Test Plan

1. Testing recommendation 1 can be done through A/B testing with online advertising the current price against the new price. If there is continued interest when presented with the new price then the Resort should move to increasing the price. Alternatively, the resort can test recommendation 1 by conducting focus group sessions and run A/B testing.
2. Recommendations 2 and 3 would require a partial closure of the resort in order to add and/or remove a run. This could also be done during the off season, assuming the resort does not use its facilities in the summer for mountain bikers. If so the resort would have to partially close sections of the resort.

Figures

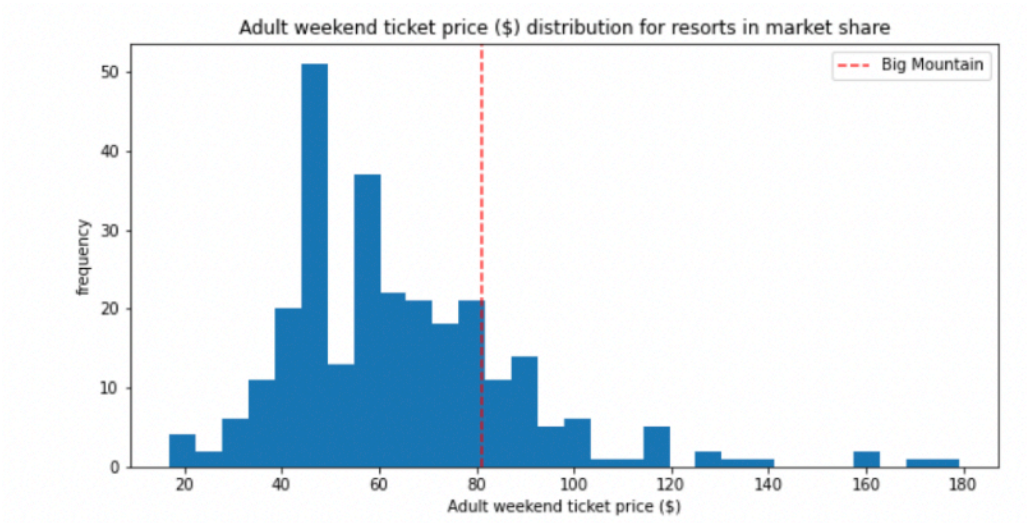


Figure 1: Big Mountain’s Current Ticket Price in the Market

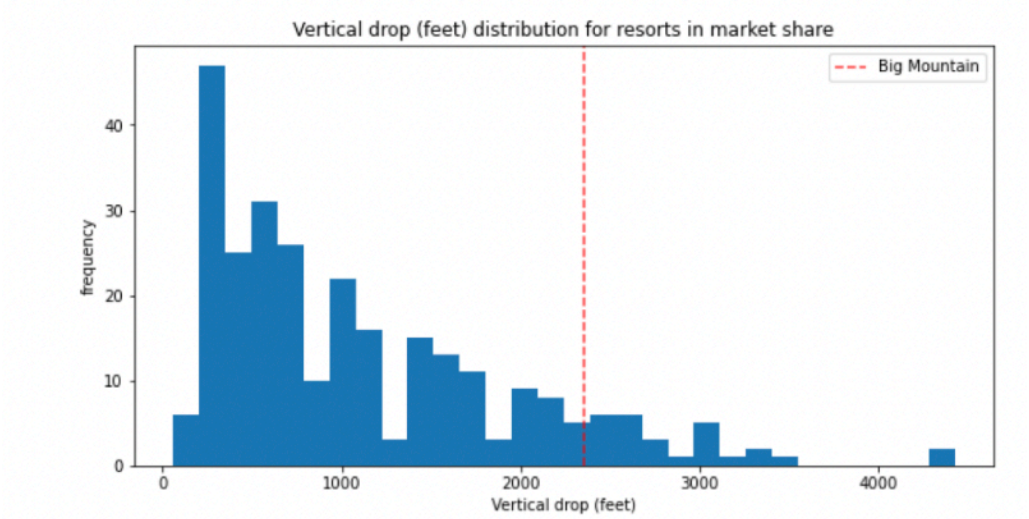


Figure 2: Current vertical drop

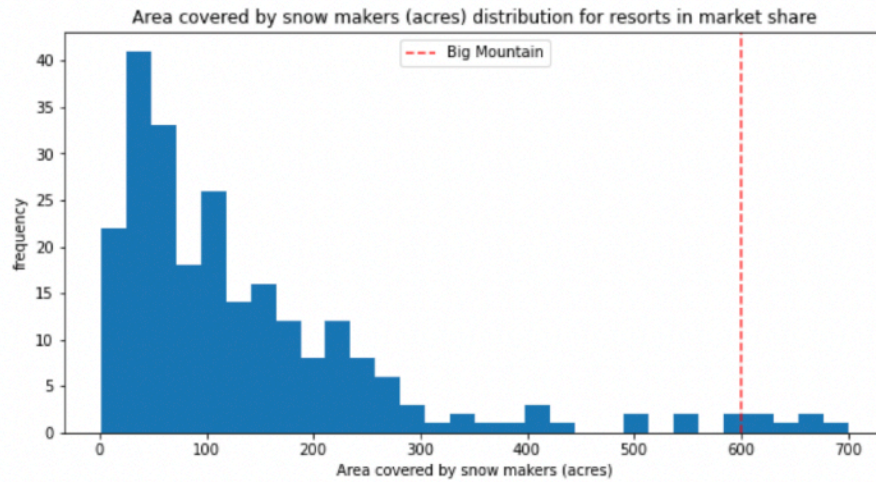


Figure 3: Current area covered by snow makers

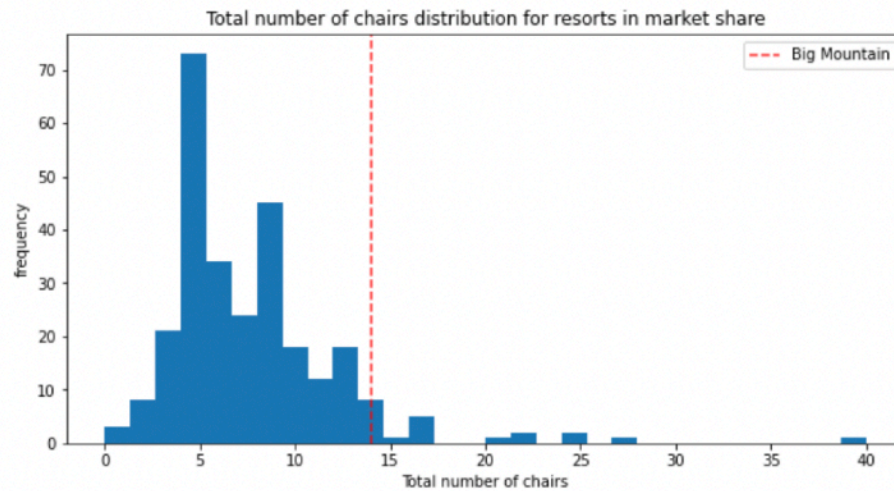


Figure 4: Current number of chair lifts

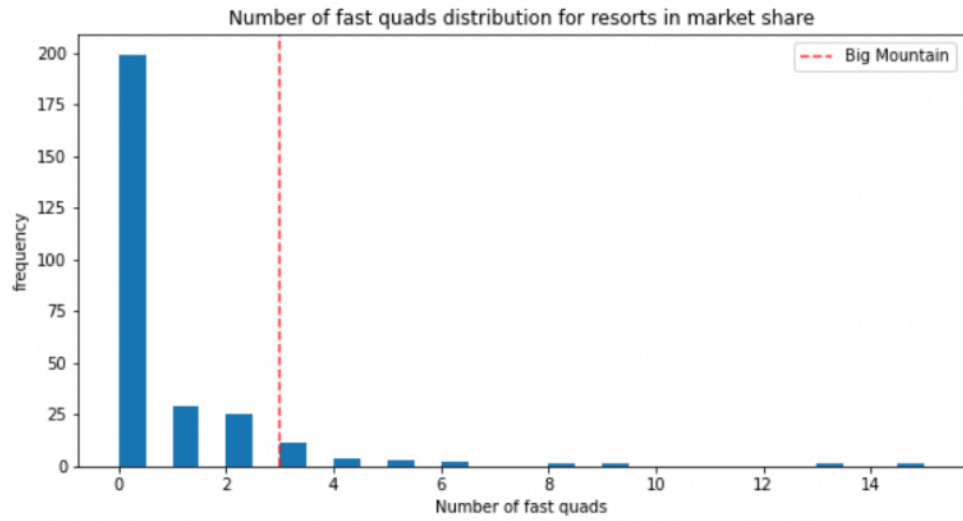


Figure 5: Current number of fast quads

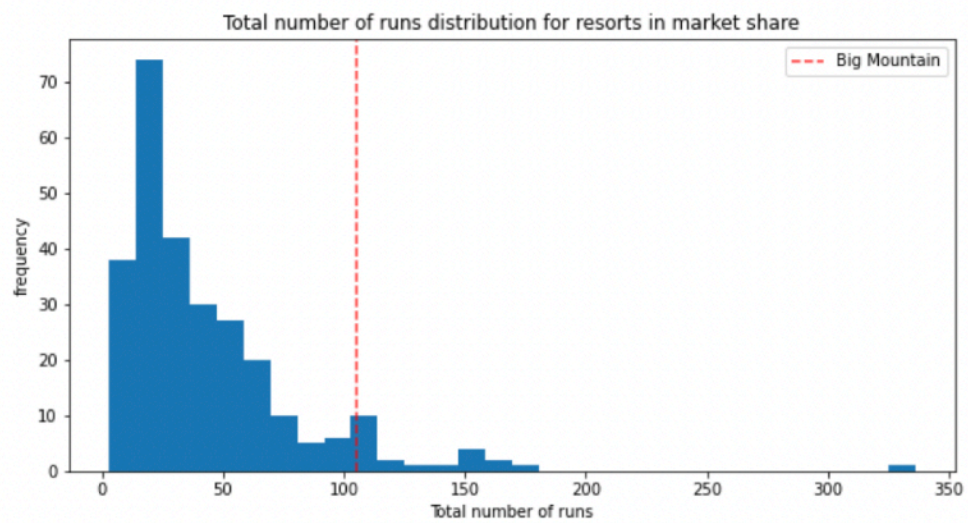


Figure 6: Current number of total runs

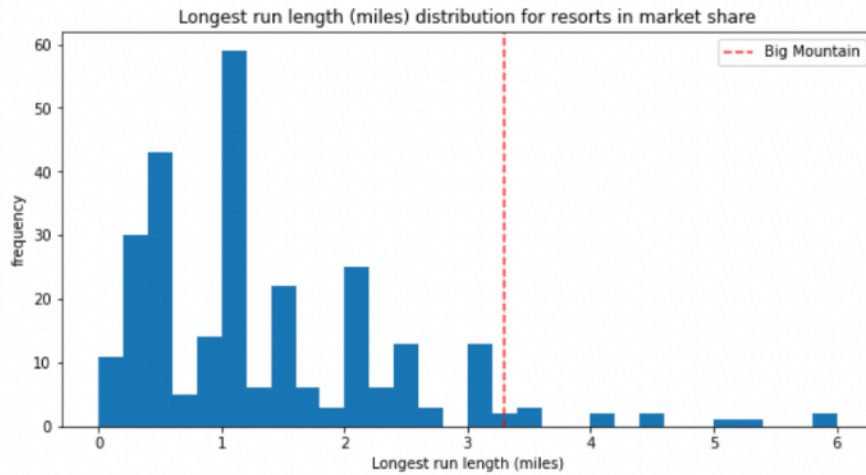


Figure 7: Current longest runs

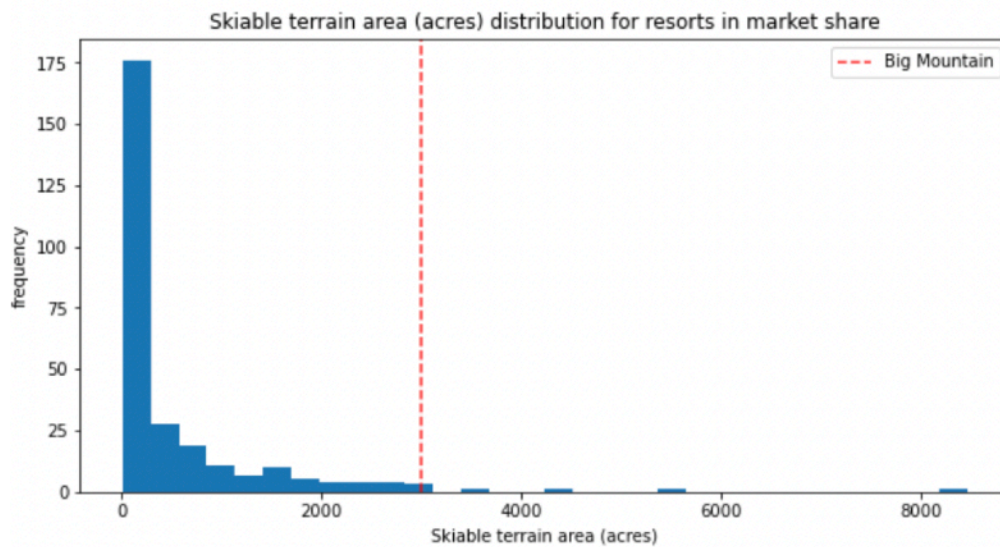


Figure 8: Current skiable terrain

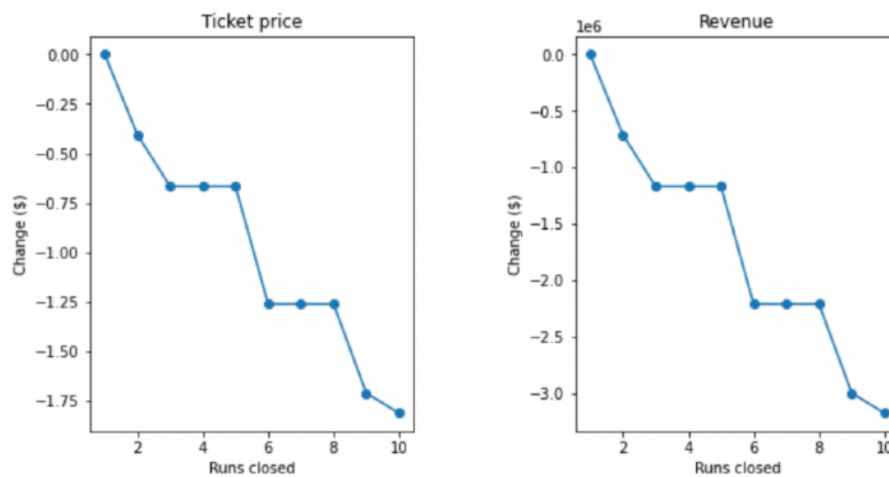


Figure 9: Ticket price and revenue change with respect to number of runs closed

