

Big Mountain Resort Price Analysis

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Problem Identification

- ❑ Enhance the Big Mountain Resort's revenue by identifying the optimal value for their ticket pricing without hindering their investment strategy.
- ❑ Pricing strategy that accurately reflects the value of its facilities while remaining competitive in the market.
- ❑ The installation of a new chair lift has increased the operating costs for the season by \$1.54 million.

Recommendation and key findings

- ❑ After conducting extensive modeling, our recommendation for Big Mountain Resort is to increase their ticket price to \$95.87 from their current price of \$81.
- ❑ Additionally, if they choose to add a new chair lift that costs \$1,540,000 per season, we suggest a price increase of 88 cents to cover the cost. We have created multiple modeling scenarios to demonstrate the potential impact of various changes to the resort
- ❑ Based on modeling scenarios, it has been observed that shutting down the least frequented 5 runs has a negligible impact on the projected revenue. Moreover, elevating the vertical drop by 150 feet supports an increase of \$1.99 increase in ticket price.

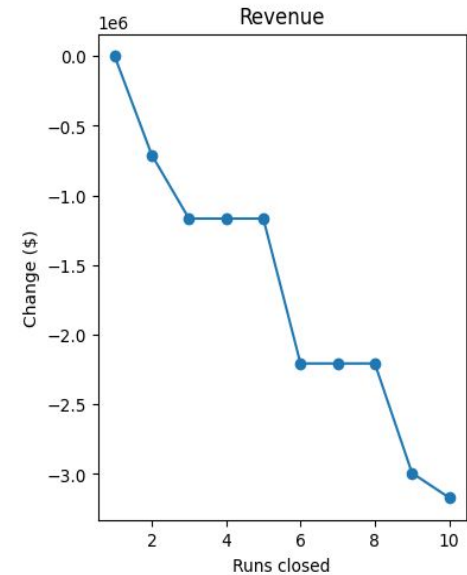
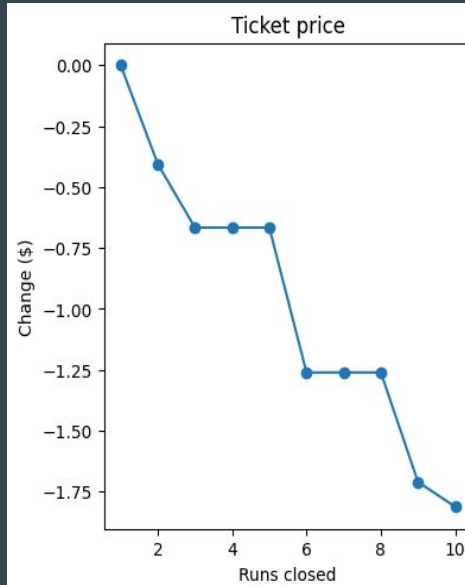
Modeling results and analysis

We have created multiple modeling scenarios to demonstrate the potential impact of various changes to the resort. These scenarios can be used to perform your own tests and determine the recommended ticket price based on any variable changes. We have presented four modeling scenarios for consideration.

Modeling results and analysis

Scenario 1

- Permanently closing down 5 of the least used runs. This doesn't impact any other resort statistics.
- Increasing the closures down to 6 or more leads to a large drop to \$1.75.



Modeling results and analysis

Scenario 2

- In this scenario, Big Mountain is adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift. This scenario increases support for ticket price by \$1.99 Over the season, this could be expected to amount to \$3474638

Scenario 3

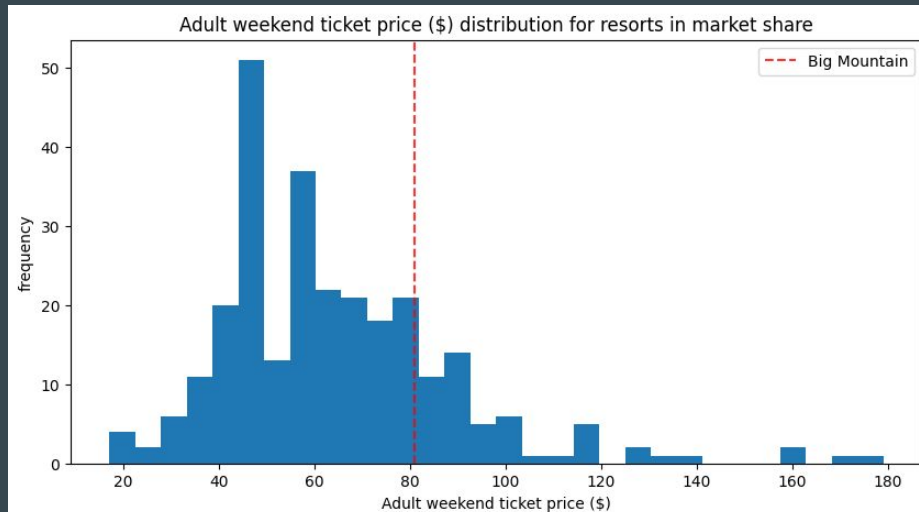
- Repeating the previous one but adding 2 acres of snow making. It has the same result as scenario 2 on ticket price.

Scenario 4

- This scenario calls for increasing the longest run by 0.2 miles and guaranteeing its snow coverage by adding 4 acres of snow making capability. This scenario results in no increase in ticket price.

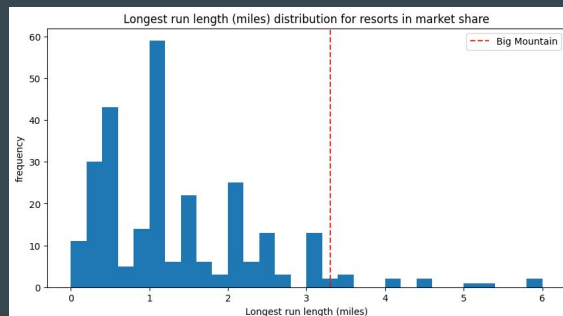
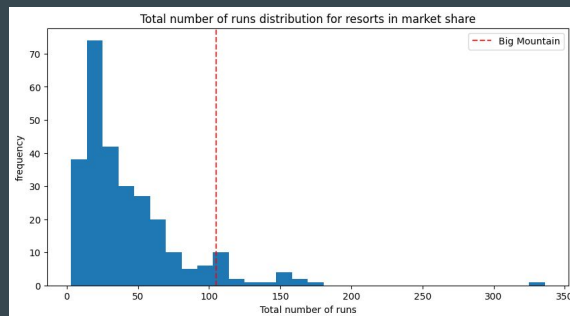
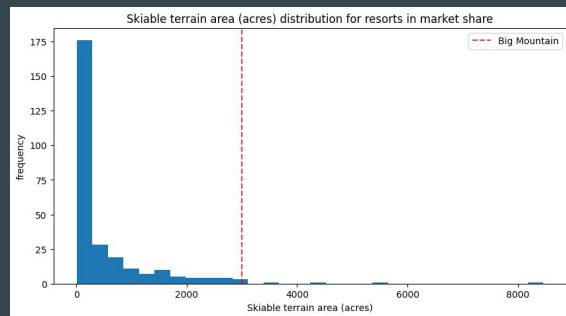
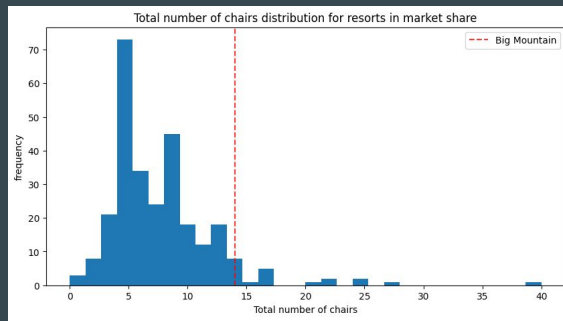
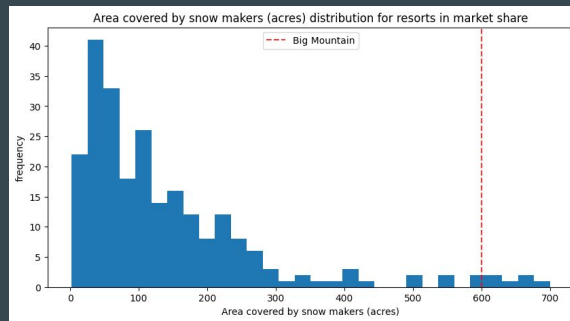
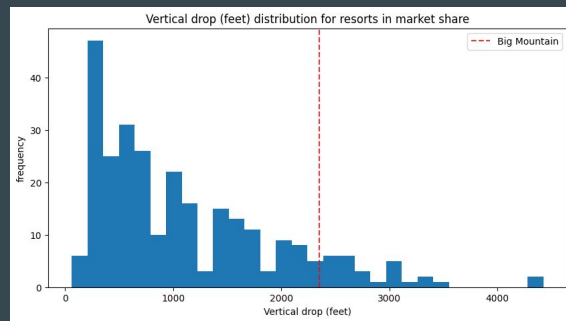
Modeling results and analysis

- Take a look at the histogram below to see how Big Mountain compares to other resorts in terms of features.
- This suggests that Big Mountain's pricing falls slightly above the average, there are other resorts in the market that charge even higher prices than Big Mountain.
- Big Mountain's pricing is not out of line with the industry average, and there's room to increase prices to align more closely with competitors charging higher rates.



Modeling results and analysis

- Take a moment to examine the histograms below, which illustrate how Big Mountain's features compare to those of other resorts.



Conclusion

- Carefully analyze the histograms and the data they represent. The features where Big Mountain Resort lags behind its competitors in a way that suggests raising prices can address those shortcomings and justify the increase?
- In summary, Increase the price of Big Mountain Resort's 'AdultWeekend' ticket to \$95.87 from \$81 to reflect its exceptional facilities and offerings.
- Increasing the vertical drop by 150 feet is a significant improvement that can enhance the skiing experience and potentially attract more visitors.
- Shutting down the least frequented runs will not significantly affect projected revenue, indicating that these runs may not be popular or profitable. This decision will help the resort reduce operating costs.

Ultimately, a price increase should be well-reasoned and well-communicated to maintain customer satisfaction and profitability. Be prepared to monitor its impact and make adjustments if needed to ensure the long-term success of the resort.

