



Big Mountain Resort



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Guided Capstone



Problem Statement

This year, we have installed an additional chair lift to help increase the distribution of visitors across the mountain at the cost of of \$1,540,000.

Considering that, how can we preserve our business profit margin at 9.2% this year?

We need to increase the revenue to offset the \$1,540,000 spent.

Current Status

One of the easiest and most feasible action would be to increase the Ticket Price.

Current Adult Weekend Ticket Price at Big Mountain Resort is \$81.

This can be raised to increase revenue.

What would be the best Pricing Model to adopt for this?

Analysis & Results

Data about **300+** resorts in the same market segment analyzed to determine a Pricing Model.

- Some States have a separate Adult Weekday and Adult Weekend Ticket Prices. But Montana state only has a single Ticket Price.
- State Population does not play a major role in determining the Ticket Price
- Facilities offered at the Resort are the key deciding factors in Ticket Price
- Visitors preferred a guaranteed snow coverage when they visited

Modelling & Results

- Two models developed with resort data.
- Model 1 and Model 2 had Mean Absolute Error of \$11 and \$9 respectively.
- **Model 2** was adopted to predict Ticket Price.
- The ticket price predicted by **Model 2** is \$95.
- Factoring in a MAE of \$10, this suggests a **\$4 hike** in current Ticket Price.

Note: Lower Mean Absolute Error implies less error in prediction.

Comparison to Competitors

Resort Name	Current Price	Predicted Price	Recommended Hike
Bridger Bowl	\$63	\$76	\$3
Red Lodge Mountain	\$67	\$91	\$14

Red Lodge Mountain seems to be capable of being a competitor. Their predicted Ticket Price recommends hiking their price to **\$81**.

Key Findings

- **Vertical Drop** and **Snow Making Coverage** of a Resort are the biggest influencers in determining Ticket Price
- Total Number of Chairlifts in operation, Number of Quads in operation and Total Number of Runs at the Resort also affect Ticket Pricing

Considering all the facilities available at Big Mountain Resort, we recommend that the **Ticket Price be increased by \$2** to increase revenue and maintain the Business Profit Margin of 9.2%.

Summary

- Big Mountain Resort is a high end ski resort based on facilities offered, when compared to all resorts in the US.
- The main factors differentiating us from our closest competitor are
 - the Total Number of Chairs(7/14)
 - Total Number of Runs(70/105)
 - Snow Making coverage (496/600)

Management decision to install a new chairlift is definitely the right move. A hike of \$2 in Ticket Price is also recommended.