

Big Mountain Resort

Recommendations for maximizing profit potential

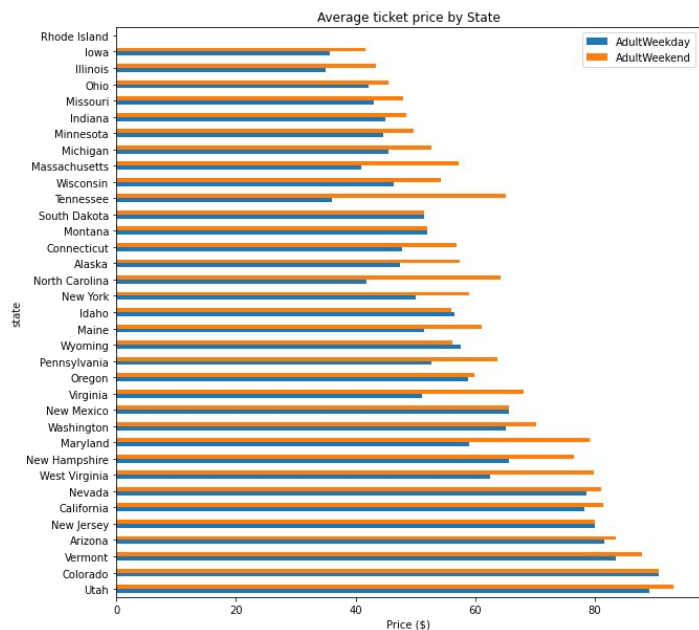
Problem statement at Big Mountain Resort

What opportunities exist for Big Mountain Resort to improve the perceived value of the ticket price to offset the \$1,540,000 increase in operating costs the new chair lift added this ski year?

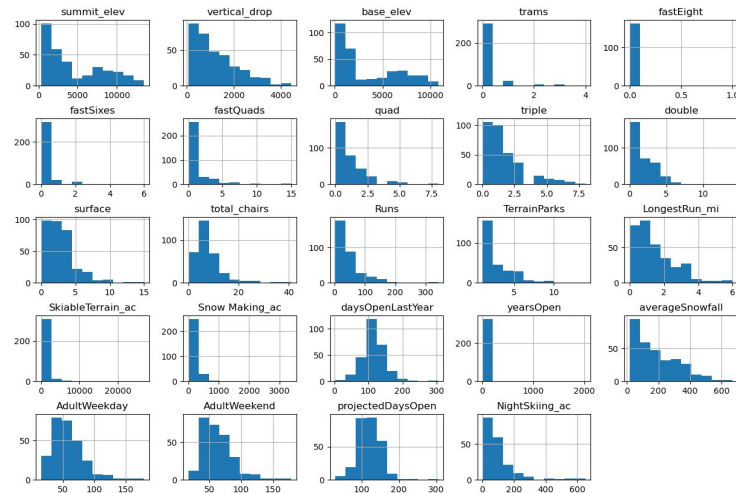


Problem statement at Big Mountain Resort cont.

We examined norms for resort ticket prices



We examined which features are valued by customers and can drive higher ticket prices



Recommendations / Key Findings

Current price: \$81

Recommended price based on data-driven modeling: \$95.87

Our findings suggest that Big Mountain Resort is currently underpriced. Big Mountain Resort's superior features and amenities support a price increase of \$14.87. With the 350,000 guests expected in the upcoming ski year and an average of 5 days per guest, the price increase can bring in \$5,204,500 additional revenue, more than enough to offset the new chair lift's operating cost of \$1,540,000.

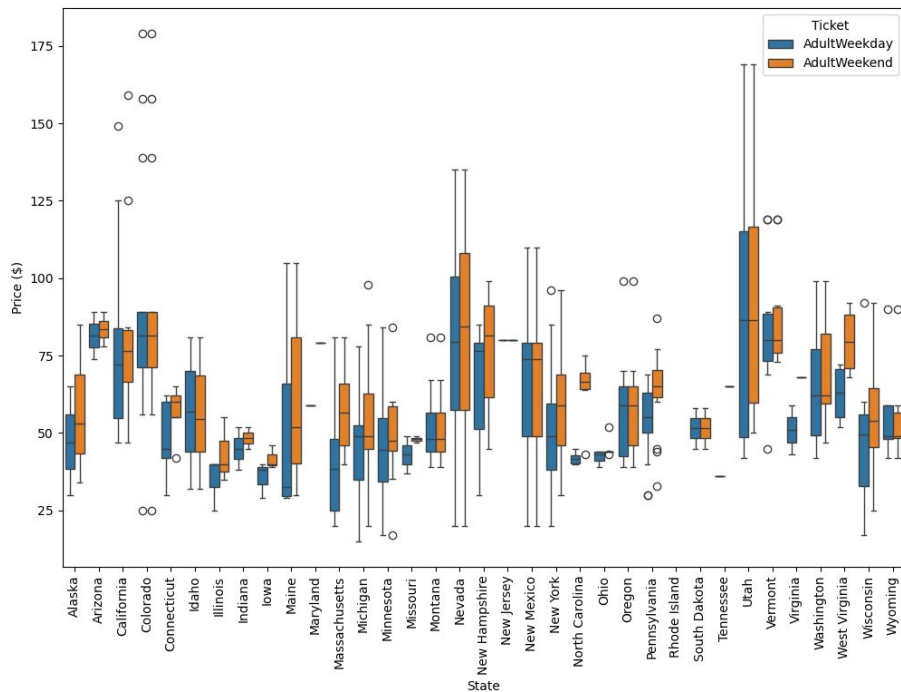


Modeling Results & Analysis 1/3

For this exercise, I a rich dataset that encompassed the ski resorts through the entire country. I ensured that the data was clean and free of errors to get results that can be trusted.

The main factor of interest in this exercise is pricing. I explored norms in pricing both nationally and specific to Montana.

This is the baseline I modeled against to test for where pricing should fall based on Big Mountain Resort's current features and amenities.



Modeling Results & Analysis 2/3

To determine the right pricing for Big Mountain Resort, I ran a series of statistical tests and found that comparing the price against the median had a better, lower variance than the mean.

I found that a price increase from \$81 to \$95.87 is supported.

$$MAE = \frac{1}{n} \sum_i^n |y_i - \hat{y}|$$

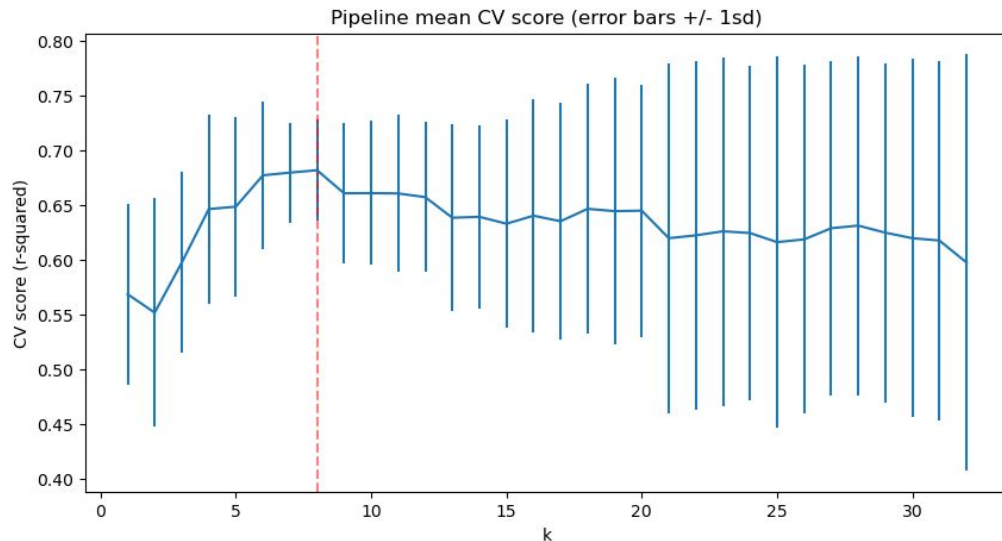
$$MSE = \frac{1}{n} \sum_i^n (y_i - \hat{y})^2$$



Modeling Results & Analysis 3/3

I next ran tests against the various features and amenities at Big Mountain Resort to determine which ones raise the perceived value of a ticket price, which have no effect, and which may lower the price.

I found the most valuable features to be 1) Vertical Drop, 2) Snow Making, 3) Total Chairs, & Fast Quads, in that order.



Summary & Conclusion

In conclusion, with the 350,000 customers expected to come to Big Mountain Resort in the upcoming year and with each person averaging 5 days of skiing, raising the ticket price by the recommended \$14.57 will bring in an additional \$26,022,500. This greatly surpasses the additional \$1,540,000 operating expense you're anticipating from the new chair lift.

For future improvements, I would recommend increasing the longest run by .2mi and guaranteeing snow coverage by adding 4 acres of snow making capabilities because these features have no expected increase in operating costs, but increase customer perception of value.

