Big Mountain Resort Pricing Analysis

Business Context:

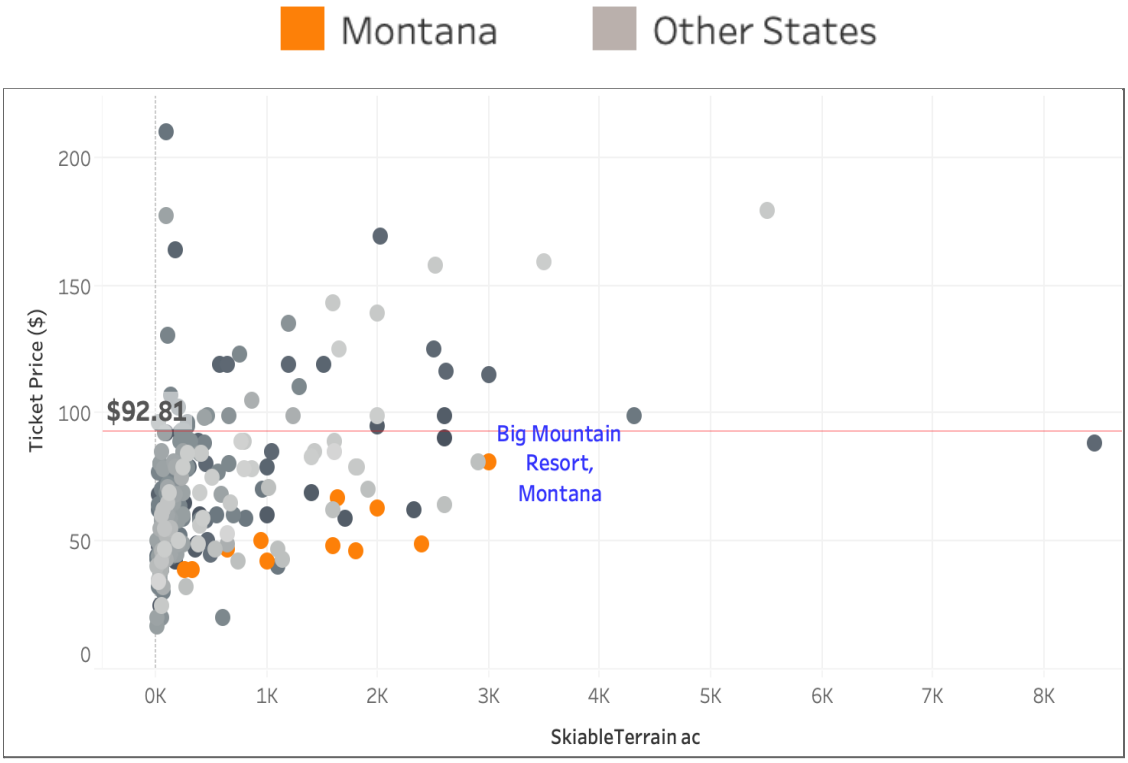
Big Mountain Ski Resort, Montana having 350K users per year looking for a pricing strategy to charge a premium above the average price of resorts in its market segment. Also, with the installation of a new chair costing an operational amount of $1,540,000 this season.

The business wants some guidance on how to select a better value for their ticket price to capitalize on its facilities and reduce the operational cost of its facilities having less impact on price.

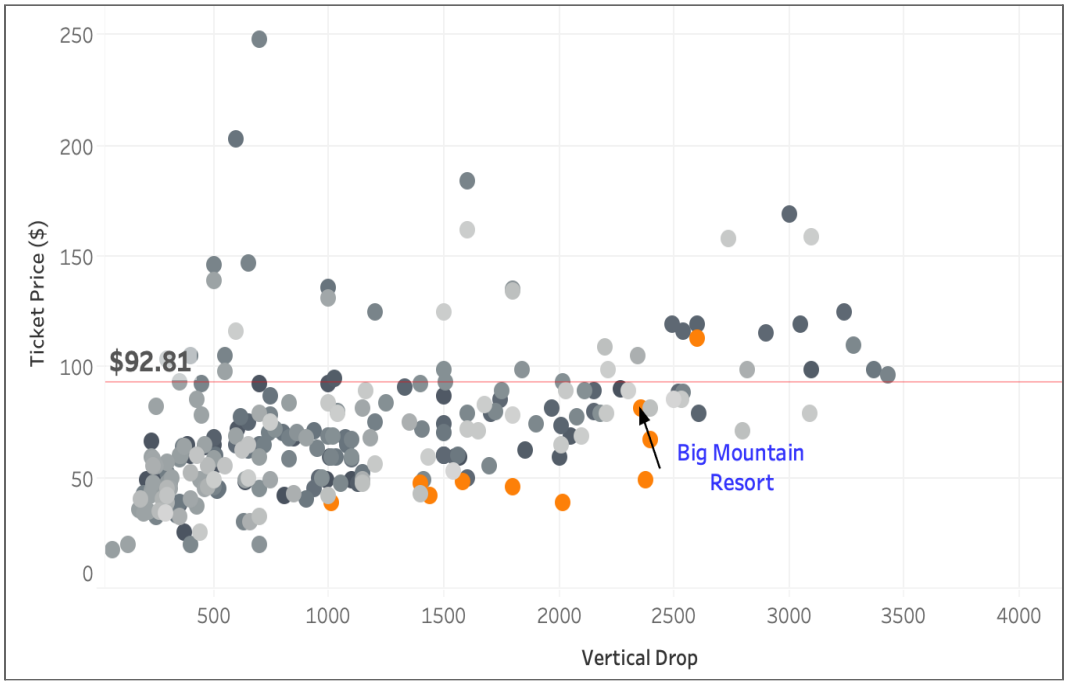
Analysis:

Features highly correlated for ticket price are

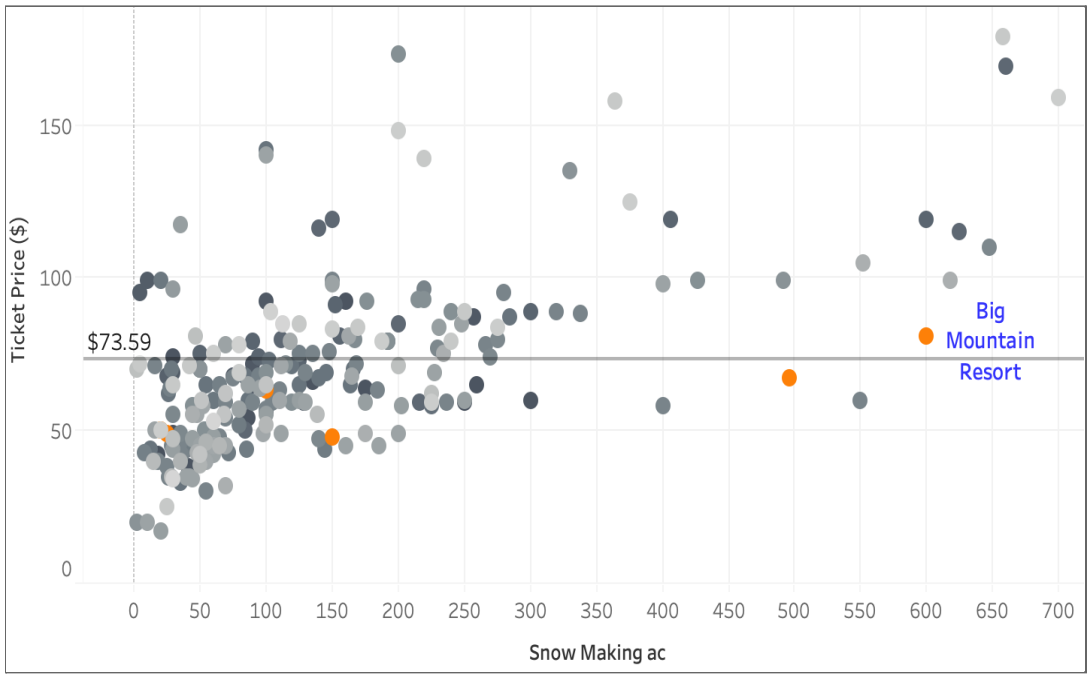
1. SkiableTerrain_ac : The predicted price from the model would vary significantly without these outliers, strengthening this model's value if proven accurate.



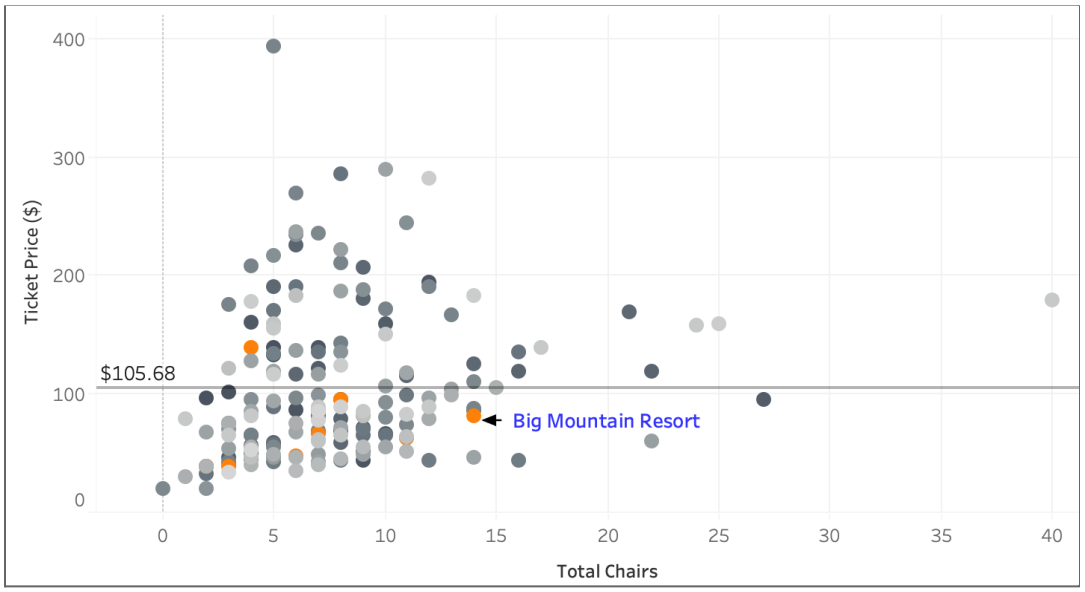
2. Vertical drop : With an increase of vertical drop of 300 ft , the model predicted the price increase of $12



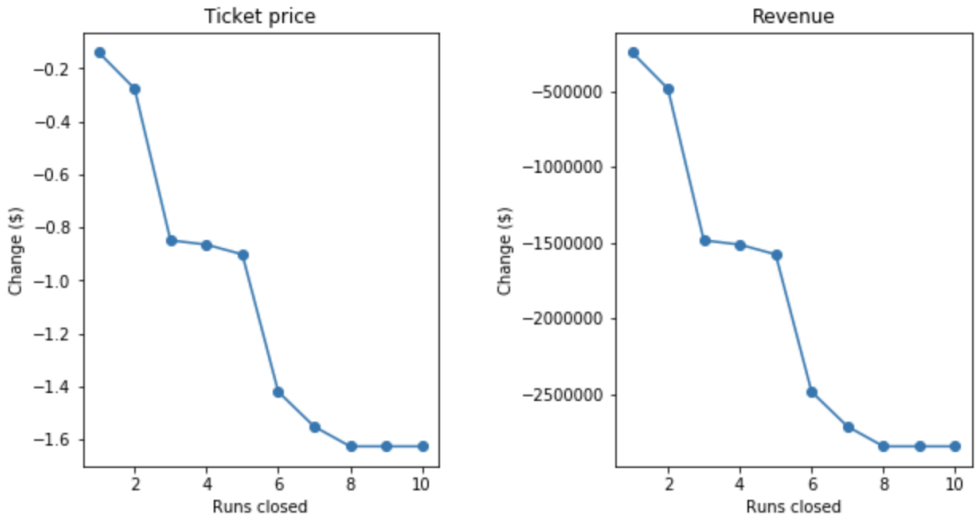
3. Snow making Area
Big Mountain has a Snow Making Ac of 600 Acres and it has higher Snow Making ac when compared across US or Montana, Hence even by decreasing the by 30%, the model predicted the price by $11.47.



4. Number of Chairs
   Increasing the no of chairs makes no effect on model price. Big Mountain Resort already has the highest number of chairs in Montana.

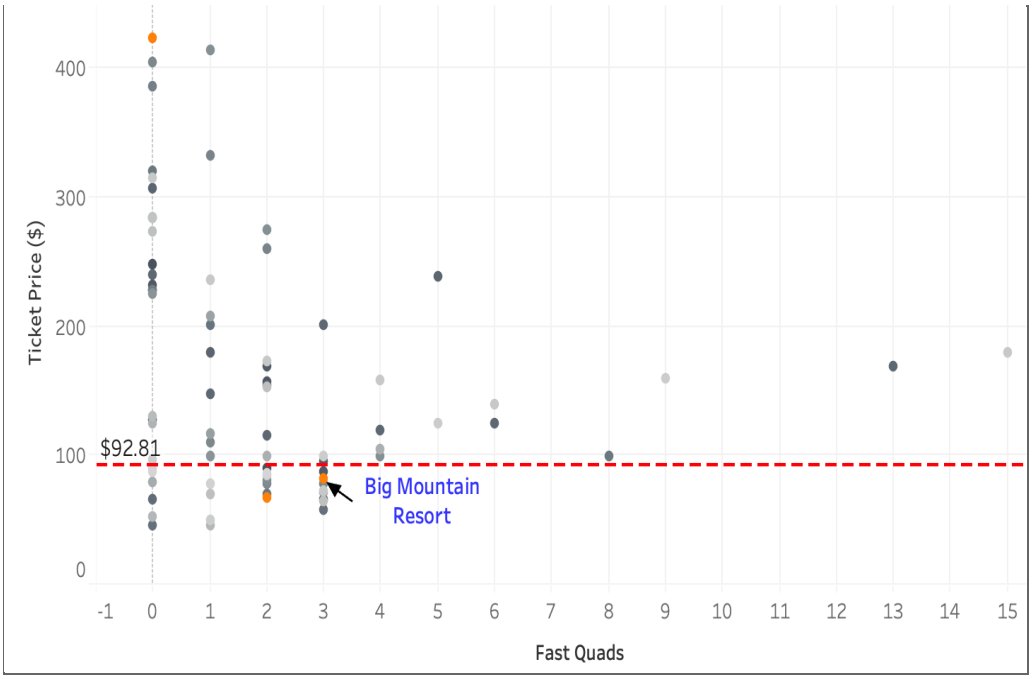


5. Runs : There is no impact on model price with an increase of runs



   The model says closing one run makes no difference. Closing 2 and 3 successively reduces support for ticket price and so revenue. If Big Mountain closes down 3 runs, it seems they may as well close down 4 or 5 as there's no further loss in ticket price. Increasing the closures down to 6 or more leads to a large drop.

6. FastQuads: Increasing the fastQuad by 1, the model price increases by ~20%



Recommendations:

1. Exclude SkiableTerrain_ac outliers. The modeled prices could vary significantly without these outliers hence improving this model's predicted price

2. The model suggest the raising the price by ~13% to the model's suggested value, $92.81 when compared to its actual price of $81

3. Consider replacing slow chairs for a fast four-person chair (fastQuad) as the model price increase by 20% for 1 fastQuad

4. Consider extending vertical drop by 300 feet, the model predicts price as $96.55

5. Consider decreasing skiable terrain, snow machine coverage, and night skiing areas to save costs. The model predicts almost no change for a 25%+ decrease in these metrics.

6. Advertising Big Mountain Resort's few facilities to Customers compared to nearby competitors e.g. skiable terrain area, night skiing area, longest run, total runs, terrain parks. Though Big Mountain Resort has the highest price in Montana, highlighting these metrics will help justify its local price leadership.

7. Consider more metrics like weekly transaction volume, facilities used by user the most, user’s visits frequency may help add more value to the model with a better price