

Big Mountain Resort, Montana

Pricing Strategy Recommendation





Problem Identification

- Big Mountain Resort incurred an **additional \$1.54 million** in operating costs due to the installation of a **new chair lift**.
- **Current pricing strategy:** Charge a premium above the average price of resorts in its market segment.
- **Potential issue:** Current prices may not fully capitalize on the premium value offered by key features, including Vertical drop, terrain parks, snowmaking acreage, and skiable acreage.
- **Objective:** Leverage a data-driven approach to optimize the ticket price, ensuring alignment with the resort's value proposition.

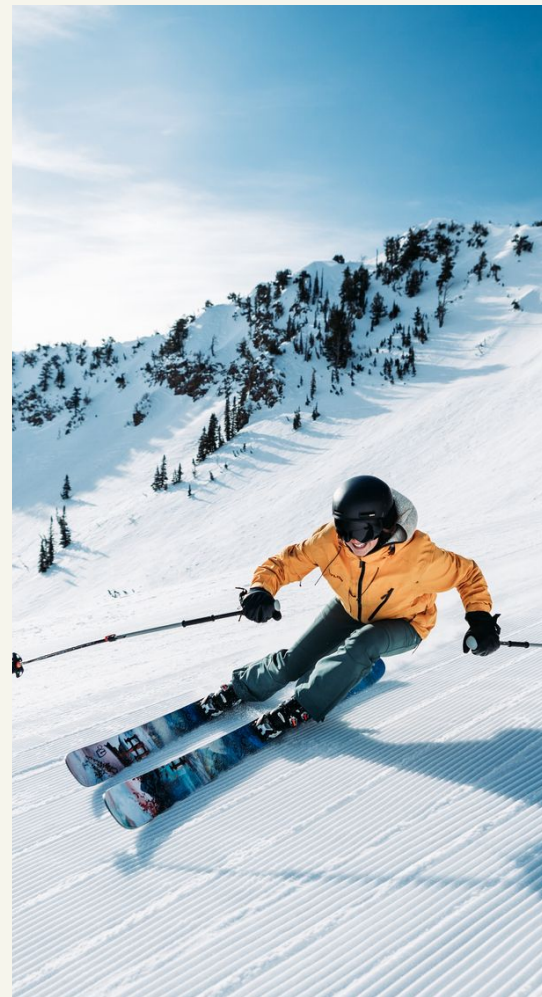
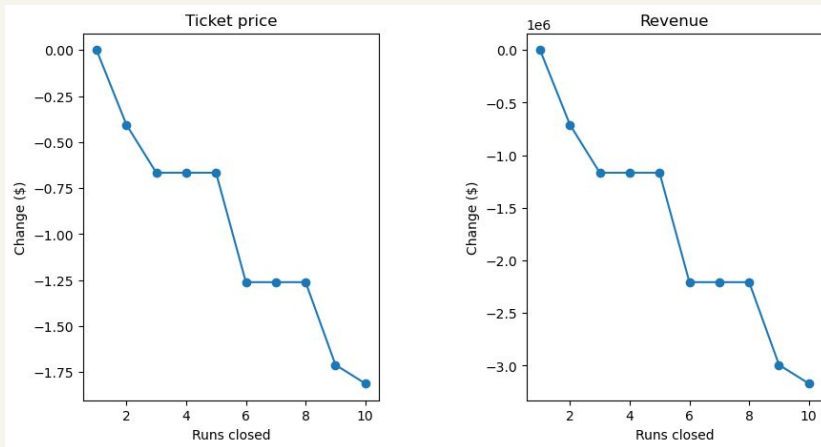
Recommendations

- **Recommended price adjustment:** Increase the ticket price from **\$81** to **\$96** to better reflect the resort's premium facilities and market positioning.
 - If a gradual approach is preferred, consider an initial increase of **\$5**, allowing room for iterative adjustments.
- **Strategic facility enhancements:** If the new chair lift is accompanied by **an additional run and a 150-foot increase in vertical drop**, the model supports a price increase of \$2, driving potential revenue growth of \$3.5M—enough to offset the chair lift's cost and generate profit.



Recommendations

- **Cost optimization opportunity:** Closing up to 10 underutilized runs would lead to a **predictable decline in revenue**, but without operational cost data, the financial impact remains uncertain. Executives should evaluate closing the least-used runs if their operating costs exceed the projected revenue loss, optimizing profitability.



Modeling Results

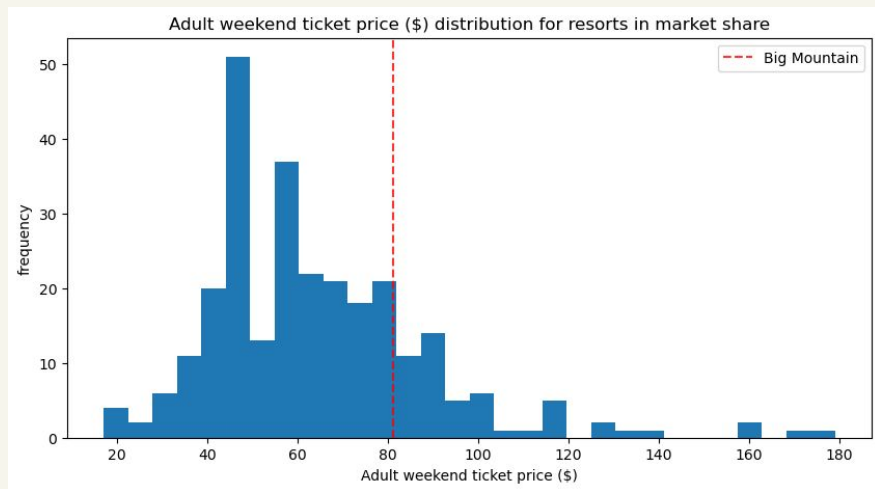


Fig 1: Big Mountain's *ticket price* compared to other resorts

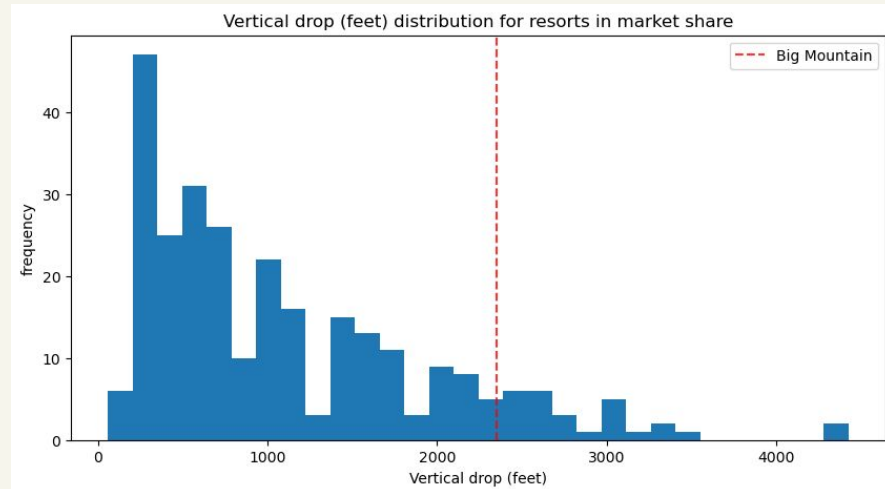


Fig 2: Big Mountain's *vertical drop* compared to other resorts

Modeling Results

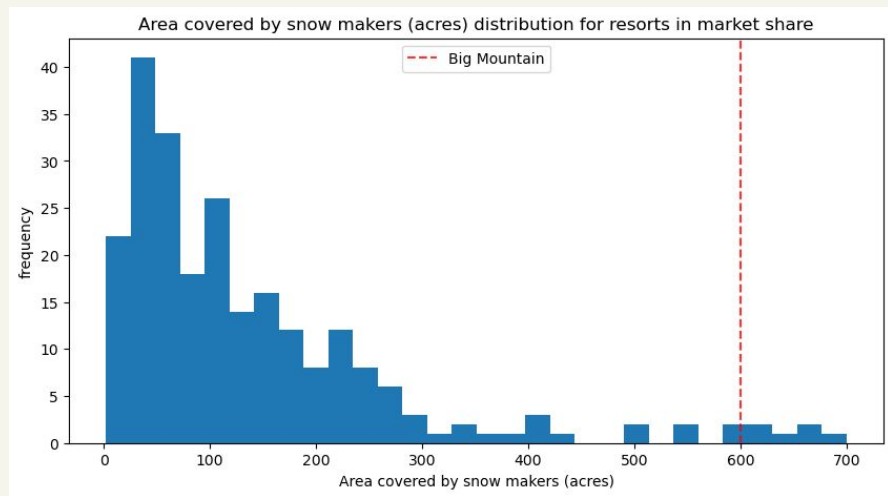


Fig 3: Big Mountain's snow making area covered compared to other resorts

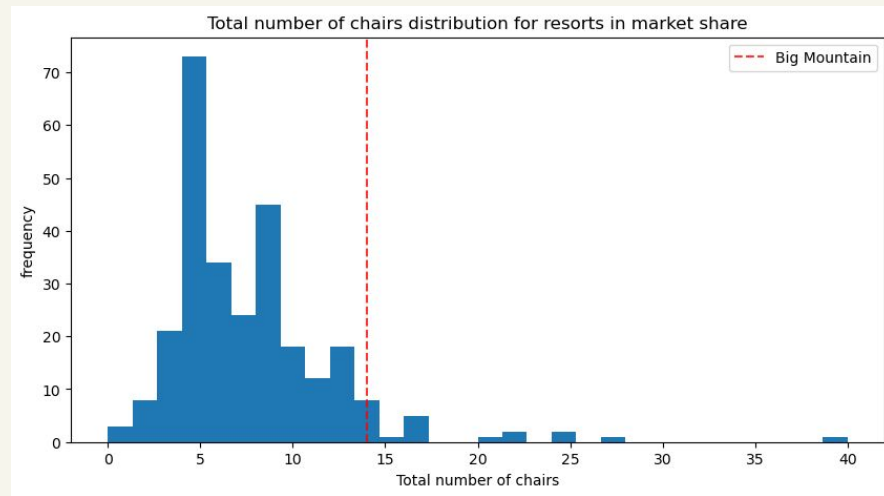


Fig 4: Big Mountain's total number of chairs compared to other resorts

Modeling Results

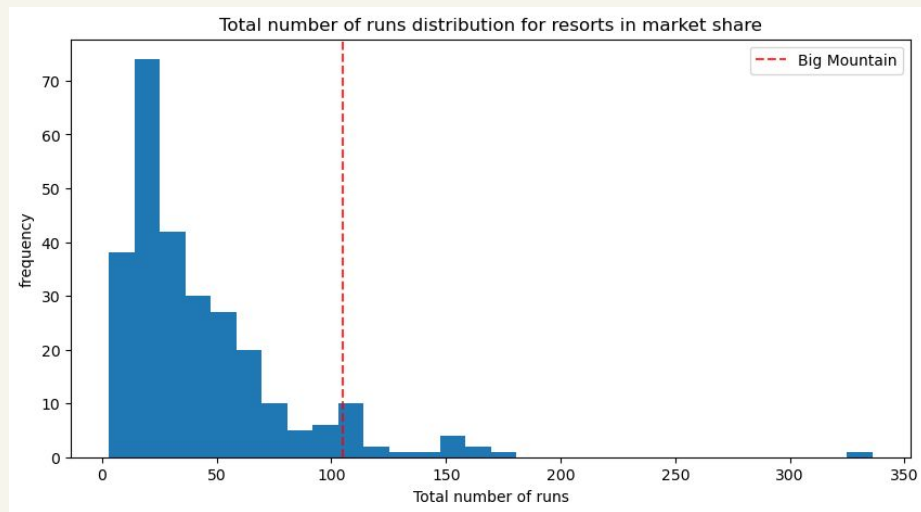


Fig 5: Big Mountain's *number of runs* compared to other resorts

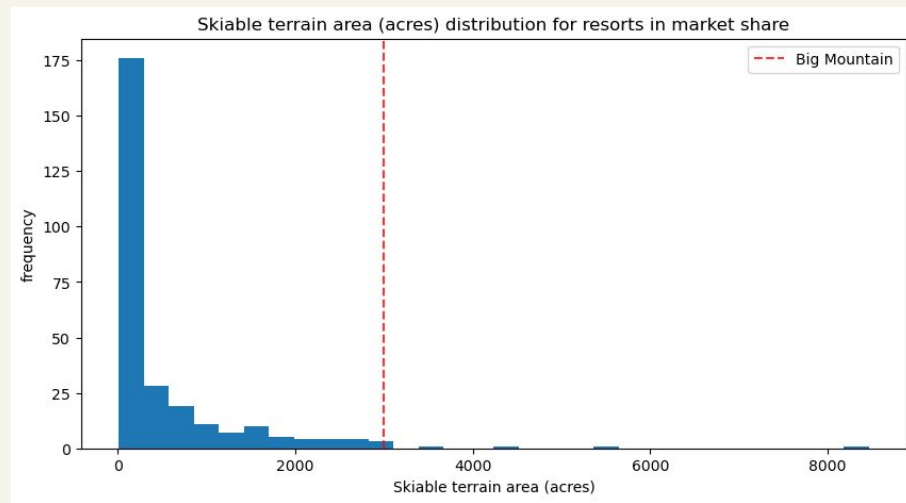


Fig 6: Big Mountain's *skiable terrain area* compared to other resorts

Summary & Conclusion

- Current pricing strategy **underutilizes the resort's premium features**, leading to potential revenue shortfalls.
- **Recommendation:** Adjust the ticket price to **\$96** to align with the facility's **value proposition** and **market positioning**.
- **Opportunity for strategic growth:** Premium and better than most resort features justify premium pricing.
- **Next steps:** Collect detailed data on **visitor demographics**, **length of stay**, and **operational costs** to refine pricing models and **explore dynamic pricing strategies** tailored to seasonal and real-time demand.

