



Big Mountain Ski Resort

What's the optimal ticket price?

Big Mountain Ski Resort

- Installed a new chair lift thereby adding \$1,540,000 to their operating costs this season.
- Charges slightly above the average price of other resorts in the market.
- Not taking advantage of its facilities to full capacity.
- Pricing policy does not reflect how valuable their facilities are compared to others.

PROBLEM STATEMENT

How can Big Mountain Resort determine a higher ticket price by capitalizing their facilities and cutting the costs in the coming season?



FACTORS TO CONSIDER WHEN DETERMINING TICKET PRICE

| | |
|-----|---|
| Cut | Cut costs without disrupting the value of the current ticket price. |
|-----|---|

| | |
|--------|---|
| Change | Make changes that will support an even higher ticket price. |
|--------|---|

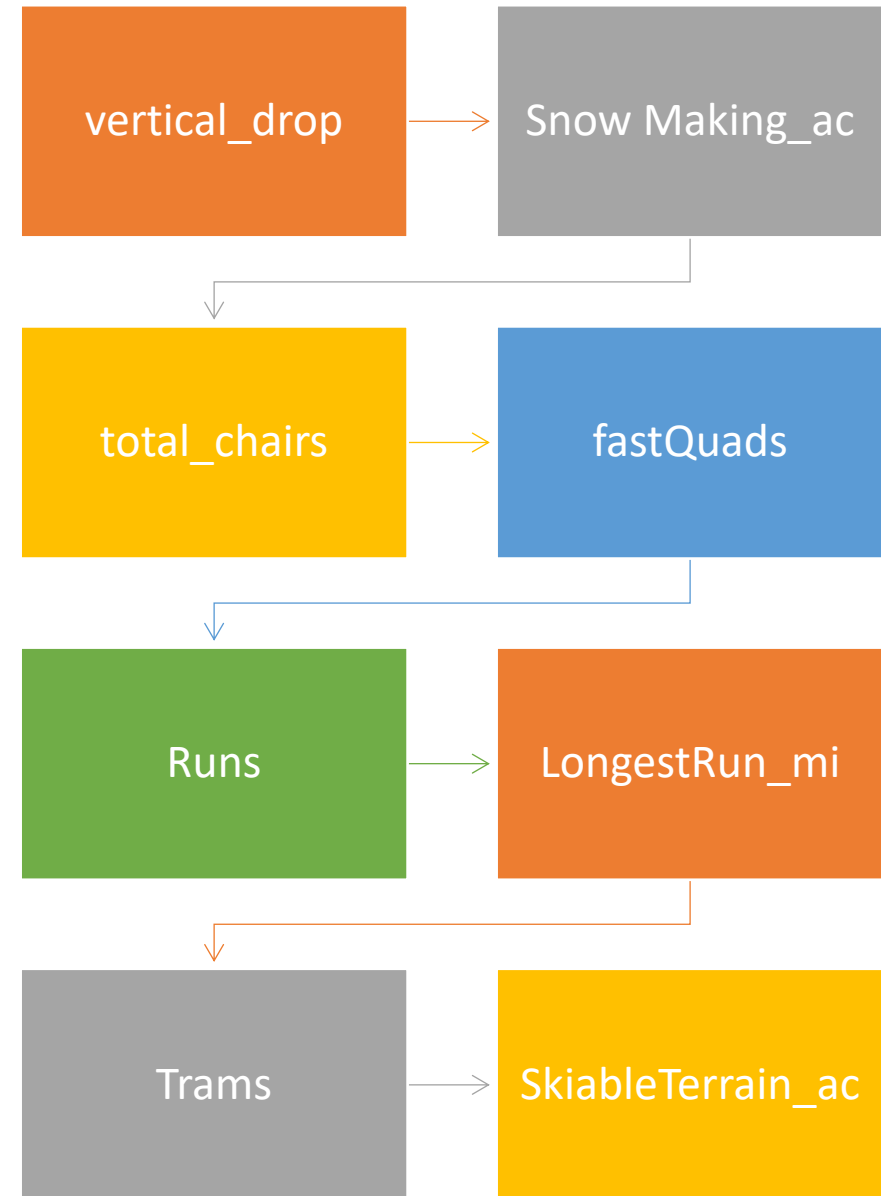
| | |
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| Balance | Determine a ticket price that balances the cost of the resort's facilities without deterring customer traffic. |
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Modeling Results and Analysis

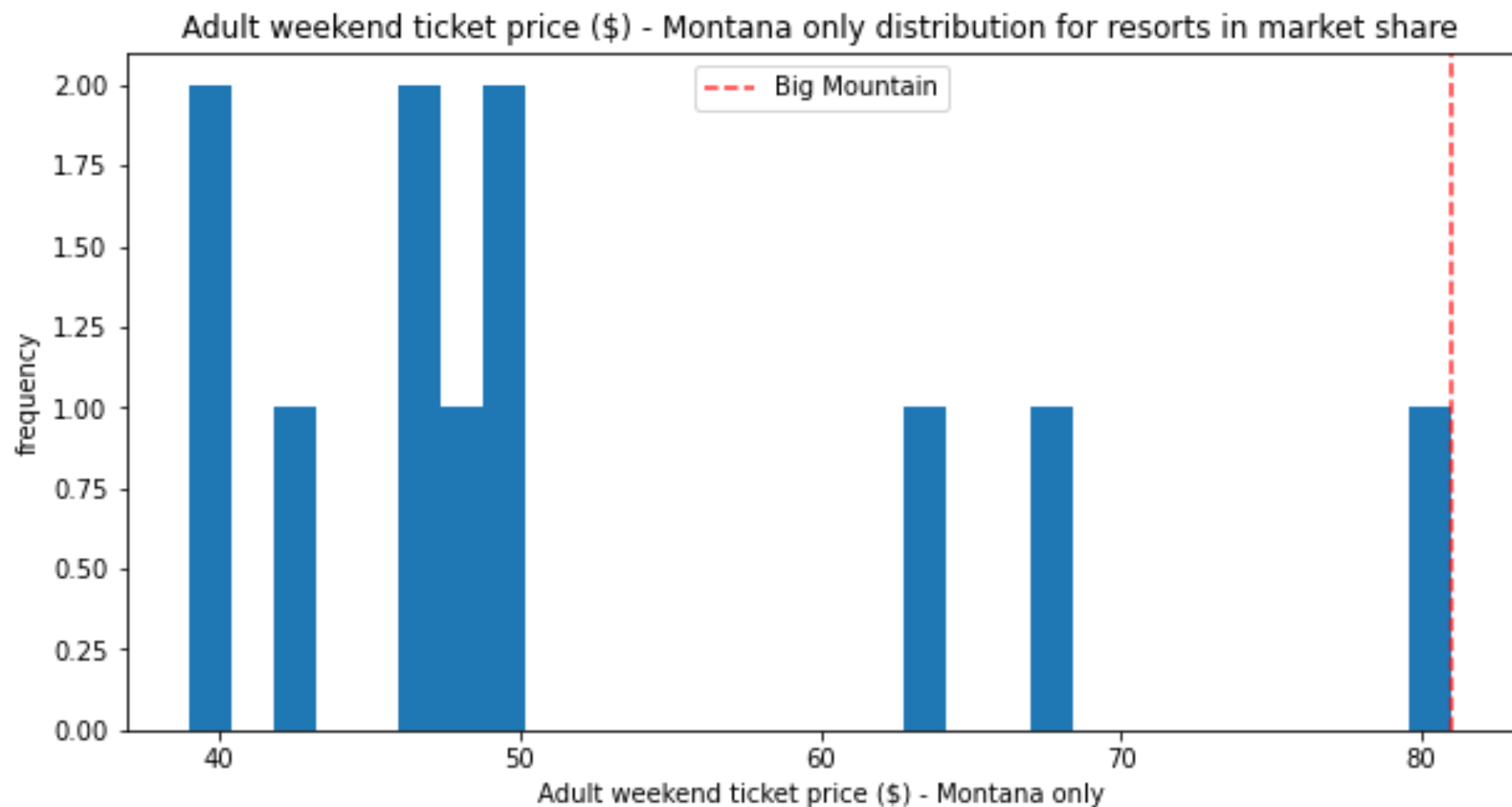
- Random Forest Model provided the highest performance.
- Analyzed information from 330 resorts in the same US market share.
- 8 features that are the most important when determining ticket price

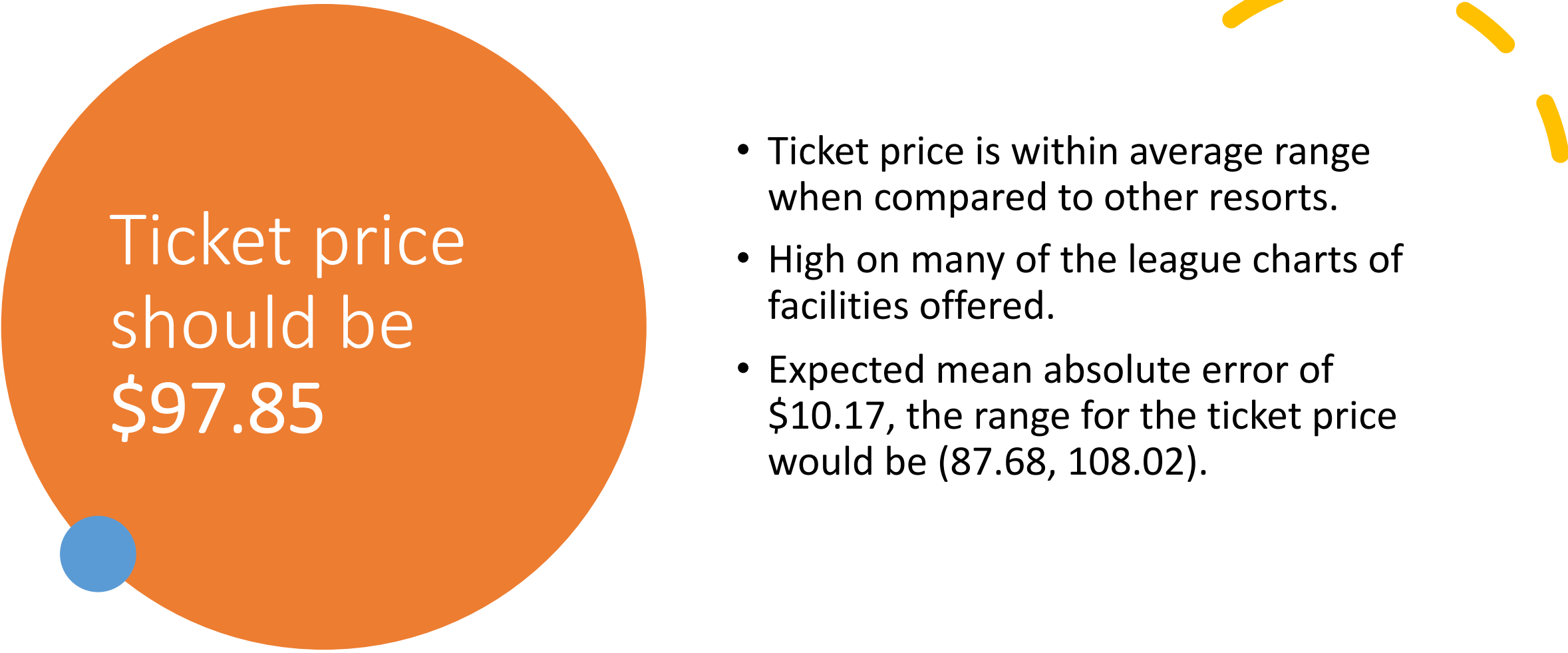


8 MOST IMPORTANT FACILITY FEATURES



Big Mountain
Resort's
Current Ticket
Price - \$81





Ticket price
should be
\$97.85

- Ticket price is within average range when compared to other resorts.
- High on many of the league charts of facilities offered.
- Expected mean absolute error of \$10.17, the range for the ticket price would be (87.68, 108.02).

Suggested Recommendations

- Consider increasing the vertical drop by adding a run to a point 150 feet lower down.
- Install an additional chair lift.
- Close only one run, specifically the least used.

**Remaining scenarios don't have any benefit but might increase cost, thus one might ignore these entirely.*



Conclusion and Next Steps

- Raise ticket price to \$97.85.
- Utilize facilities to greater capacity and demand.
- Acquire and analyze additional data about visitor numbers, visitors' satisfaction, as well as operating costs.

