Guided Capstone Project Review

Big Mountain currently prices its tickets at $81, while the model suggests a price of $94, indicating a potential increase. This adjustment could yield an additional $22.7 million in revenue. Considering the model's margin of error (MAE) around $10, it's feasible to raise the price to at least $84, resulting in a revenue boost of $5.2 million, covering the $1.5 million cost for an additional chair lift.

To explore various pricing strategies, four scenarios were evaluated:

1. **Closing Less Used Runs:** Shutting down up to 10 of the least utilized runs was considered. Closing one run has no impact on ticket price, suggesting closing up to 5 runs may not decrease revenue.
2. **Adding Features:** Adding a run, increasing vertical drop by 150 feet, and installing another chair lift could raise ticket prices by $1.99. With 350,000 visitors purchasing 5 tickets each, this change could increase revenue by $3,474,648.
3. **Enhanced Features:** Adding 2 acres of snowmaking coverage alongside the changes in scenario 2 didn't affect ticket prices or revenue.
4. **Snowmaking and Run Length Increase:** Increasing snowmaking to 3.5 acres and the longest run to 3.5 miles didn't alter ticket prices.

Scenario 2 appears promising, with an estimated revenue increase of $3,474,648. While the operating cost for a new chair lift is known ($1,540,000), costs for adding a run and increasing vertical drop aren't specified. Assuming only the chair lift cost, scenario 2 could generate an additional $1,934,648 in revenue. Further analysis is needed to ascertain the feasibility and profitability of this scenario\*.

Some limitations to the price data are the operating expenses since we don't have the information for the costs of increasing the vertical drop or adding a run. From looking at the data, Big Mountain is roughly in the 90th percentile or above for most of the features whereas the current ticket price is roughly at the 70th percentile. Thus, the model prediction of $94 for the ticket price is justified. Given this justification the business should be able to understand the predicted increase in the ticket price. The model and the associated functions would need to be deployed to the cloud and made available for the analysts to use and test out various scenarios.

\*see images on the next 2 pages for supportive evidence.

Chart, line chart

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