



A Better Ski Season

More Chair Lifts, But Same Profit Margin at Big Mountain Resort in Montana

Alex Vizzi

5/22/20

Overview

Big Mountain Resort has installed an additional chair lift to help distribute visitors along the trails. How can it maintain a 9.2% profit margin by recuperating the additional \$1.54M in operating costs for the chair lift?

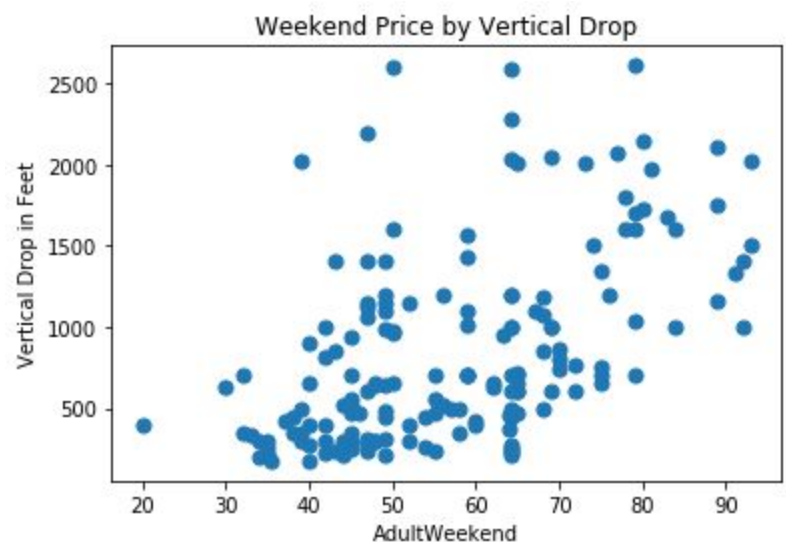
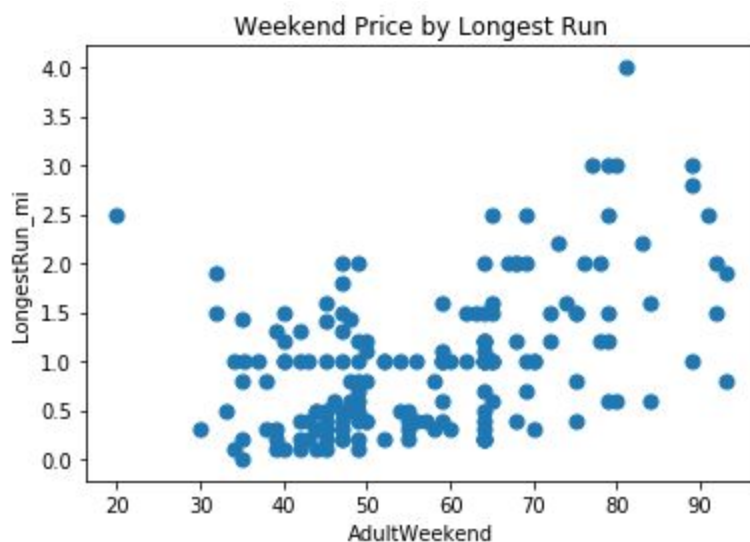
Process

I created and tested several models to predict what the adult weekend chair lift ticket price *should* be, based on the other attributes of the resort including the summit elevation, the number of chair lifts, and the length of the longest run. After choosing the model that best predicted the price of the weekend ticket in model tests, I applied the model to the Big Mountain Resort to determine what the ticket price *should* be given its attributes, and I compared this to the actual current weekend ticket price.

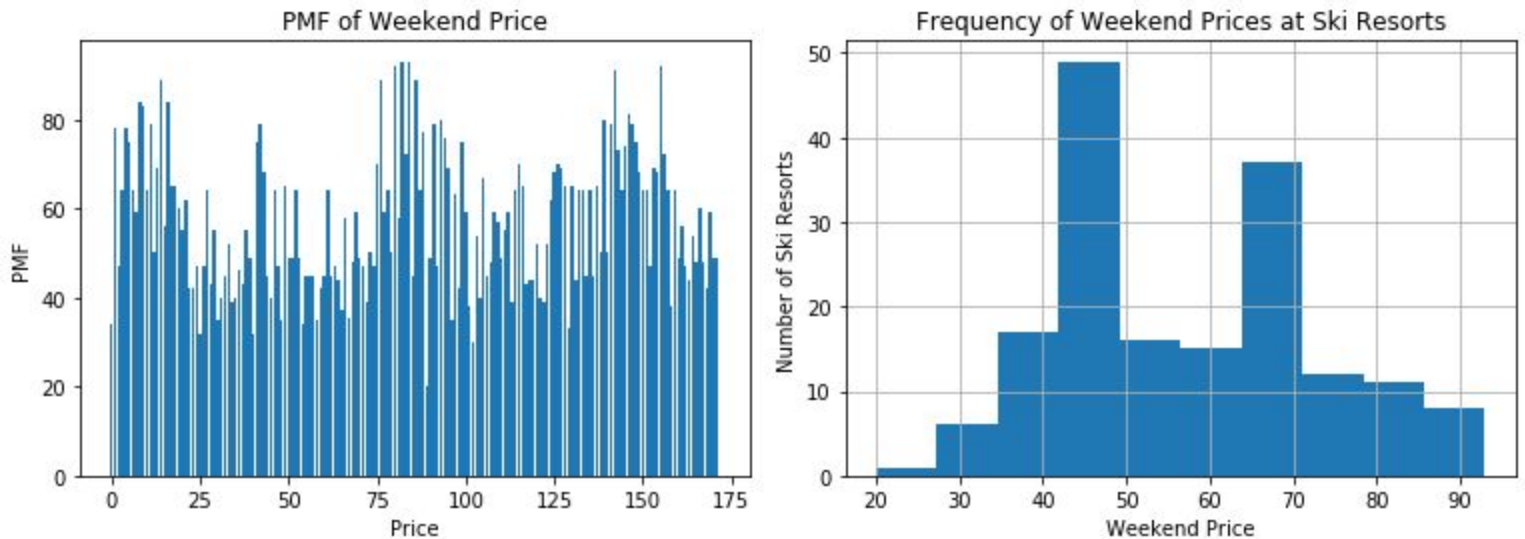
Result

The model predicted a ticket price of \$57.06, compared to the current weekend ticket price of \$50, garnering a \$7.06 additional revenue per adult customer.

How Resort Attributes Correlated to Price



Distribution of Prices among US Ski Resorts



Recommendation

Big Mountain Ski Resort should increase their weekend prices from \$50 to \$57. Currently, the resort charges the same rate (\$50) on the weekday as the weekend (\$50). If both prices are raised to \$57, the operating costs for the chair will be covered by the additional fees paid by 220,000 visitors over the season.