Guided Capstone Project Report – Big Mountain Resort

Based on the analysis explained below, we recommend an increase in the price of Big Mountain resort tickets from $81 to $91.39. With an average 530,000 expected visitors and an average stay of 5 days, totals $ 242,183,500 compared to $214,650,000 before the increase.

We arrived at this conclusion by building a model off ski resort data which contains data on 330 resorts and 26 features. Specifically, the analysis uncovered that ticket prices are predictable by seven main features: vertical drop (as measured by the heigh from the bottom of the mountain to the highest lift served), snow making (in acres covered), total number of chairs, number of fast quads, number of runs, longest run, and skiable terrain (in acres). Big Mountain Resort places very high among its peers in all these categories.

The additional chair lift installed is projected to increase operating expenses by $1,540,000. The ticket price increase would, by our estimates, more than cover the increased cost.

Management has also asked we consider some potential scenarios:

1. Permanently closing down up to 10 of the least used runs. This doesn't impact any other resort statistics.  
   Our model predicts that closing 1 or 2 lifts will have a negative impact on price by $1.2 per ticket (or $2M in revenue). Closing 3-5 lifts who bring ticket price down $1 (or $1M in revenue). Additional closing would drastically lower ticket prices and therefore revenue.

This scenario merits more analysis and would be aided by comparing cost reduction from closed lifts to revenue reduction from impact to ticket prices.

1. Increase the vertical drop by adding a run to a point 150 feet lower down but requiring the installation of an additional chair lift to bring skiers back up, without additional snow making coverage  
   This scenario supports a price increase of $1.31 / ticket and could be expected to amount to $2,300,926 in added revenue per season. This scenario merits further consideration.
2. Same as number 2 but adding 2 acres of snow making cover  
   This small increase makes no difference to revenue based on the model.
3. Increase the longest run by 0.2 mile to boast 3.5 miles length, requiring an additional snow making coverage of 4 acres.  
   This scenario has no added value.

In conclusion, ticket prices are, according to the model, underpriced and could be increased up to $91. A scenario that would merit an economical price increase is Scenario 2. Additionally, Scenario 1 merit more analysis and could prove to be economical.