Assessing the Big Mountain Resort

By Aman Negassi

Problem Identification

- Started when the Resort added an additional chair lift to help increase the distribution of visitors across the mountain.
- The business profit margin is 9.2% and the operating costs increased by $1,540,000.
- The question is whether the additional operating costs affected the annual revenues positively or negatively.
- 350,000 people ski or snowboard at the Resort annually.

Recommendation and key findings

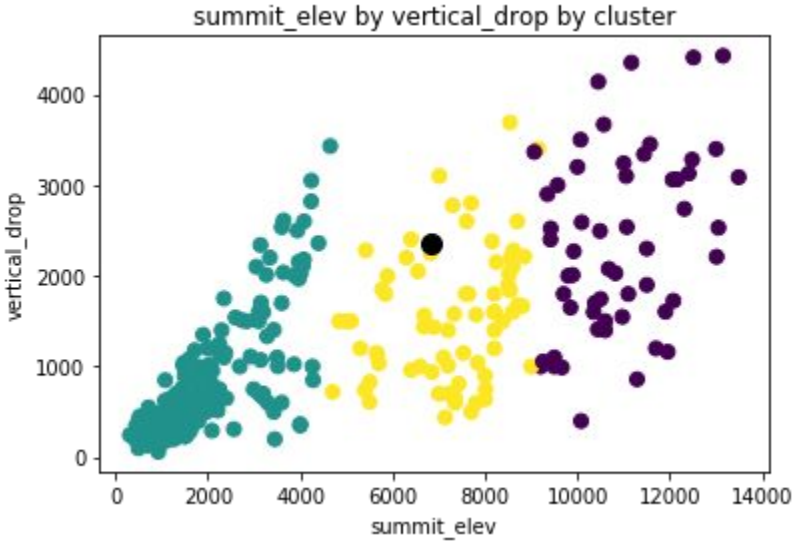
Name	state	summit_elev	vertical_drop	base_elev	trams	fastEight	fastSixes	fastQuads	quad
Big Mountain Resort	Montana	6817	2353	4464	0	0	0	3	2

Skiable Terrain_ac	Snow Making_ac	daysOpen LastYear	YearsOpen	average Snowfall	AdultWeekday	AdultWeekend	projected DaysOpen	NightSkiing_ac	clusters
3000	600	123	72	333	81	81	123	600	2

From predicting the model, we found that the price should be set at about $88. The actual price at the Resort is $81.

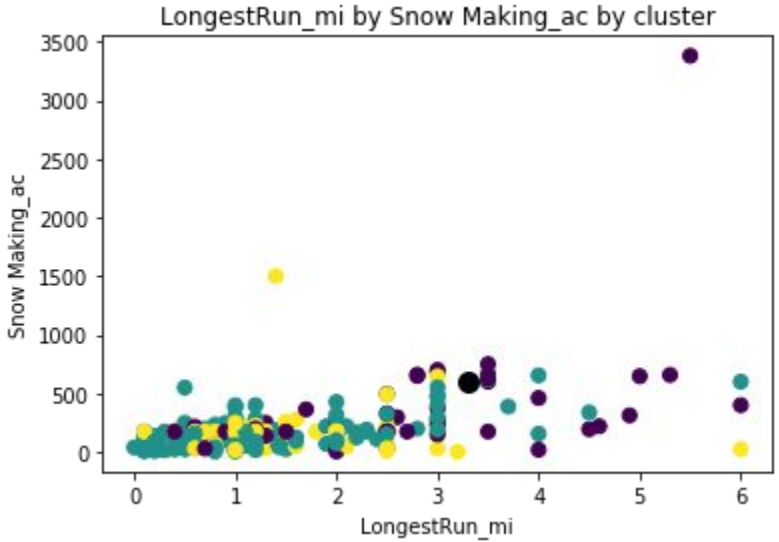
(On the left is the model with the data to get an assessment in determining the price.)

Modeling Results and Analysis



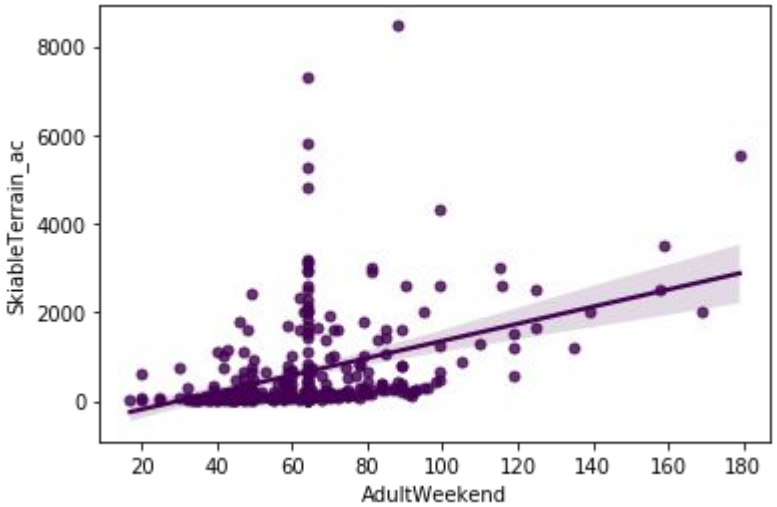
It appears that the vertical drop and the summit elevation are positively correlated.

Modeling Results and Analysis cont



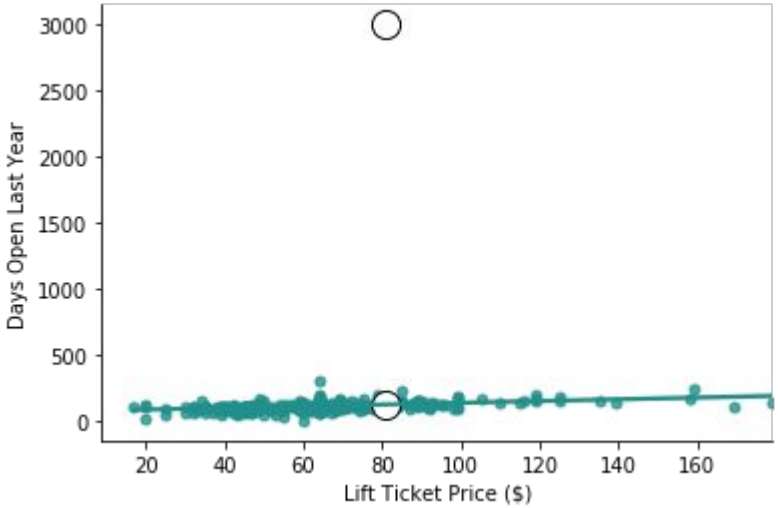
There appears to be a weak positive correlation between the Longest Run miles and the Snow Making area. There are outliers scattered in a way that is 50:50 towards the correlation.

Modeling Results and Analysis cont



It seems positively correlated, AdultWeekend and Skiable Terrain area although at around $60 on Adult Weekend, the area peaks.

Summary and Conclusion



The # of daysOpen has no relationship with the Lift Ticket Price. It is perfectly elastic.

The price should be raised in order to keep up with the profit margin and operating costs although it will not be affected by the DaysOpenLastYear.