

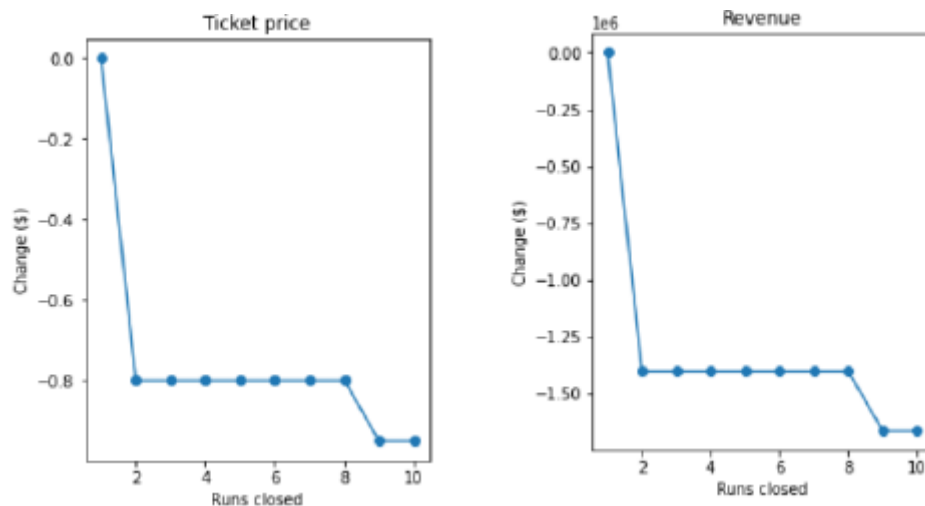
Big Mountain Resort Project Report

Big Mountain Resort, a ski resort located in Montana, recently installed an additional chair lift to help distribution of visitors across the mountains. The resort's pricing strategy has been to charge a premium above the average price of resorts in its market segment. Big Mountain wants to find what facilities matter most to visitors and come up with a pricing strategy. This document provides the measures Big Mountain Resort should take to either cut cost without undermining the ticket price or support even a higher price.

Recommendations

The models gives us the following predictions and suggestion:

1. Closing one run makes no difference. Closing 2 and 3 successively reduces support for ticket price and so revenue. If Big Mountain closes down 3 runs, it seems they may as well close down 4 or 5 as there's no further loss in ticket price. Increasing the closures down to 6 or more leads to a large drop. The same conclusion can be drawn for revenue, if we assume that the total visitor number is 350,000 which is inelastic to the price change.



2. The option that increases the vertical drop by adding a run to a point 150 feet lower down, installing an additional chair lift to bring skiers back up, and adding 2 acres of snow making cover gives the highest revenue increase by \$20 million dollars because these measures can support an increase of ticket price of \$13.5.
3. The model suggest that vertical drop is your biggest positive feature. Also the snow making area, total chairs, and fast quads are the following three most import facilities Big Mountain Resort offers to the customer.