How can Big Mountain Resort keep its profit margin at 9.2% or higher, even with new operating costs of $1.54 million? We can adjust ticket prices, operating costs, and revenue generation to achieve this.

Big Mountain Resort isn't in the data we have; we're using averages from other resorts. First, I broadened my analysis to include all resorts. If we understand how other ski resorts are doing, we can create criteria for a ski resort to maintain a 9.2% profit margin, even with the added expense of a $1.54 million ski lift.

Our predictive model suggests that chair lift ticket prices are predicted to drop slightly. The market won't allow a significant price increase without losing business to competitors. So, we need more than just higher ticket prices to maintain the profit margin.

A graph of blue and orange lines

Description automatically generated

If Big Mountain Resort's ticket price is average, they need to sell 29,392 tickets to meet the goal. Considering the resort's seasonal population of around 350,000, it's likely they can meet this criteria.

Having more chair lifts can slightly raise ticket prices, but there's no strong link between elevation, days open, and ticket prices. However, resorts with more runs can charge more for tickets. Big Mountain Resort can segment runs, creating the illusion of more runs and charging higher prices.

A chart with numbers and dots

Description automatically generatedA graph showing the elevation of a mountain

Description automatically generated with medium confidence

A chart with blue dots

Description automatically generatedTo maintain the desired profit margin, Big Mountain Resort can segment runs and lower operational costs if possible. New equipment might not help much with cost reduction, but being a large resort with many runs and lifts can offset the predicted lower ticket prices.

We introduced the "Chairs\_x\_Runs" score, showing the relationship between prices and this score. Depending on where Big Mountain Resort falls on this score, they can calculate the chair lift ticket prices they should charge.

In the end, Profit\_Margin = (Tickets\_Sold \* Price) - Operational\_Costs is the key equation.

A graph of blue dots

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