The Mission

Need:

- Increase revenue by at least 1.1% ($1.54 million) by the end of next season
- Get a sense of facility importance before the beginning of next season

Why:

- To cover operating costs for recently installed lift
- To find possible cost-cutting measures without devaluing ticket price

How:

- Develop a model that predicts ticket price in reference to the most relevant facilities for resorts in market share

Model Predicted Price

Our model predicts a supported **ticket price of ~$95**. Even with a MAE of ~$10, this still shows support for a price raise meaning a potential **5.4 - 23.2% increase in revenue.**

However, Big Mountain is already the most expensive resort in Montana by far.

Fear not, this just means we have to **justify the price increase**.

Price Justification: Vertical Drop

The model shows that a resort's vertical drop is the most positive feature in relation to ticket price.

Action:

Add a **new run with a landing point 150 feet lower**, increasing vertical drop

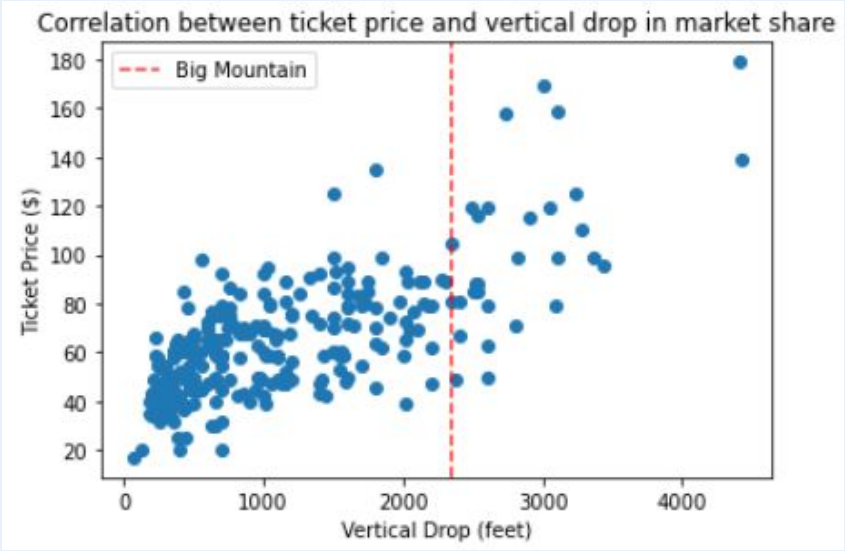
Additional chair lift required (~$1.54 million operating cost)

Results:

This scenario supports a $1.99 increase for ticket price

Additional chairlift would require $0.88 per ticket to cover costs

This scenario would **increase net income by 6.6 - 24.3%**



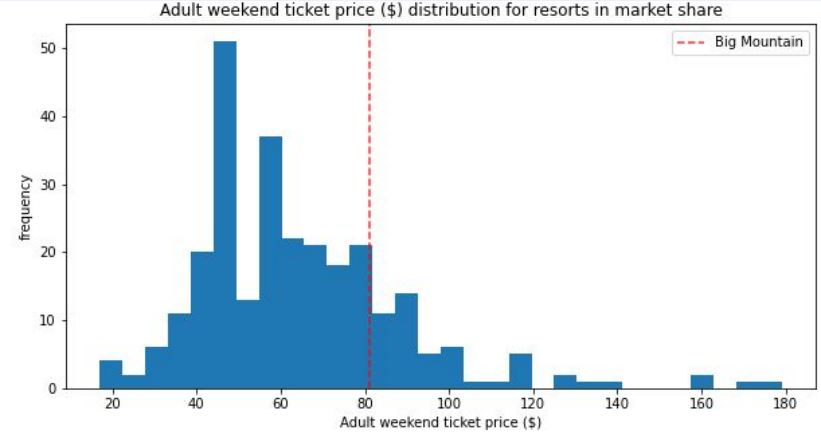
National relevance

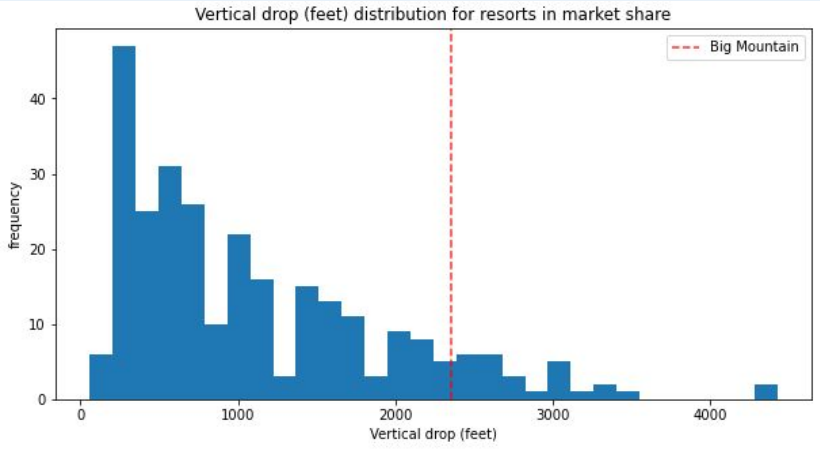
Even with the increased vertical drop, Montanans might not find it justifies the price

Nationally, however, we are still safely within the distribution

When you take into account Big Mountain's current ticket price position on the national level (top) and its high ranking among the vertical drop league (bottom), this revenue increase is quite reasonable.

Should we become more nationally relevant to support our model's predicted price?



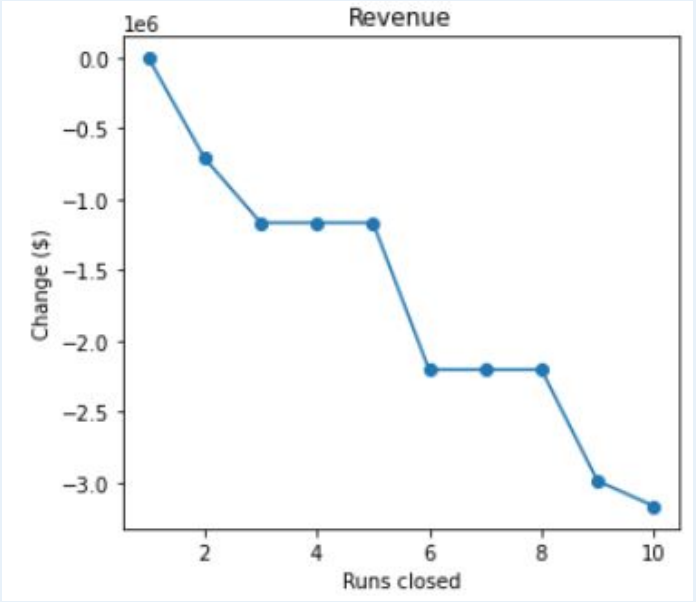


Close a run, reduce costs

Additionally, our model shows that we could **shut down our least-used run without affecting ticket-driven revenue**

We could potentially close down more, but presently would not be able to recommend that without additional information about operating costs for runs to see if it's worth devaluing ticket price for the reduced costs

# of Runs Closed	Ticket Price ($)	Revenue ($ million)
1	0.00	0.00
2	-0.41	-0.71
3-5	-0.67	-1.17
6-8	-1.26	-2.21
9-10	-1.76	-3.08



Summary and suggestions

- Open new run and lift to increase vertical drop; supports ticket price increase of $1.99, thereby increasing revenue **6.6 - 24.3%**
- Pursue national relevance, justifying the model's predicted price outside of regional limitations
- Permanently close least-used run to reduce costs, no effect on ticket price
    - Compare run operating costs with potential ticket devaluation; further cost reductions possible if more runs closed