

# 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

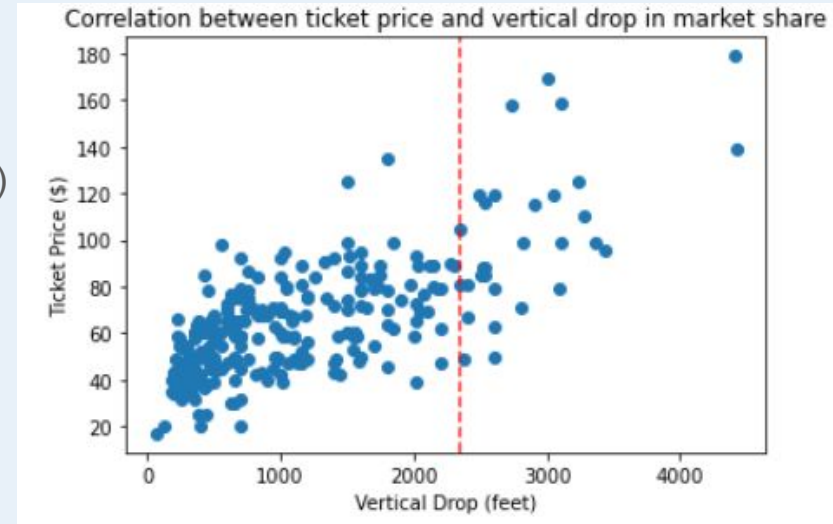
# Increase vertical drop, raise ticket price

## 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**, new price would be \$82.99
- Additional chairlift (~\$1.54 million) would require an increase of \$0.88 in ticket price to cover costs
- Together this scenario means **increased net income of 1.4%**



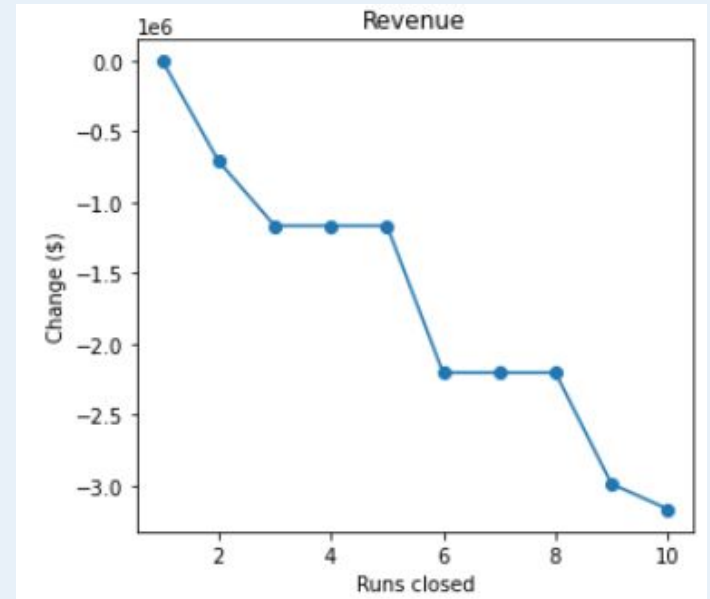
*The red line represents BM's current vertical drop.*

# Close a run, reduce costs

Our model shows that we could **shut down our least 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

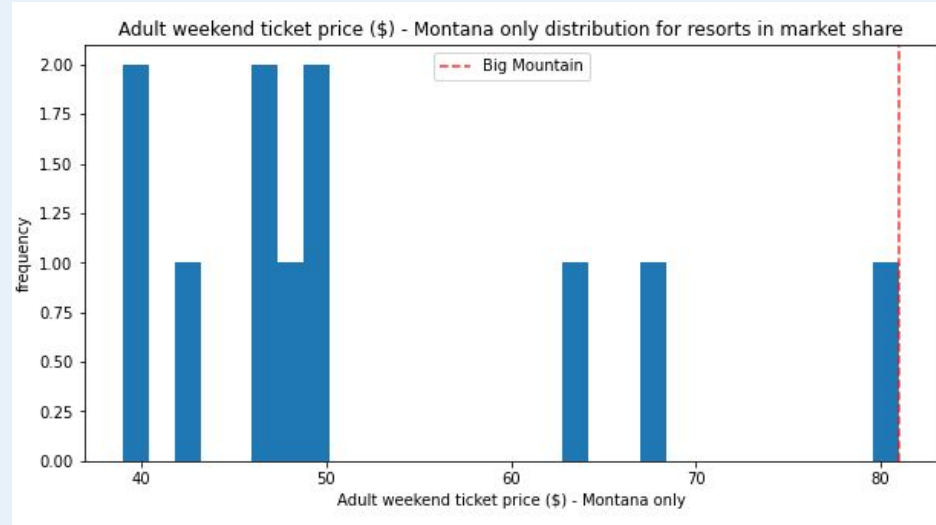


# Regional limitations

These actionable scenarios are great. However, **without changing any facilities**, like vertical drop, **our model predicts our price to be \$95.87**

Even with the expected MAE of \$10.39, that still suggest **there's room for increase above \$82.99**

We are likely regionally limited in price as we are currently most expensive, by far, in montana.

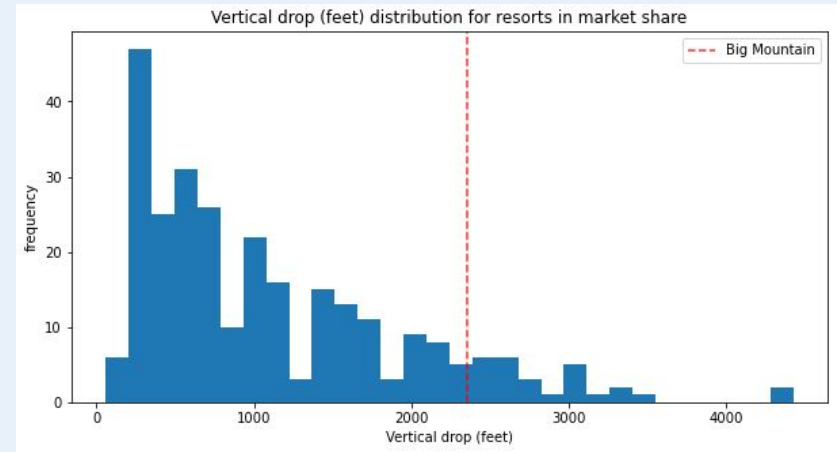
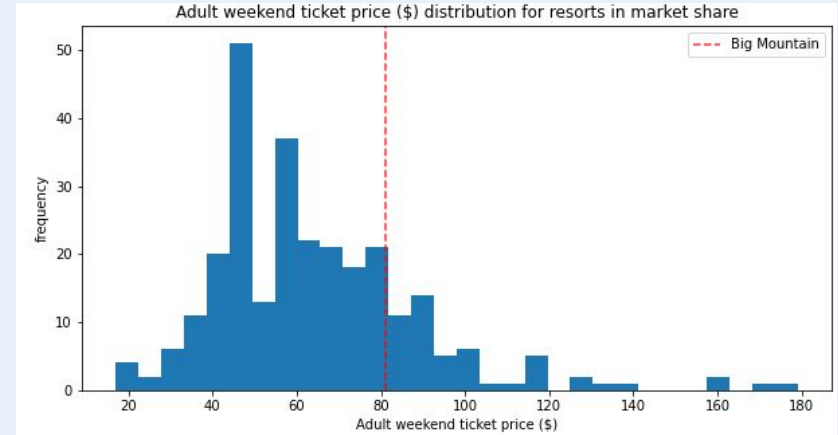


# National relevance

Nationally, however, we are still safely within the distribution and still would be with the model-predicted price of \$95.87

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 not only attainable but quite reasonable.

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



# Summary and suggestions

- Permanently close least-used run, no effect on ticket price.
  - Compare run operating costs with potential ticket devaluation; further cost reductions possible if more runs closed
- Open new run and lift to increase vertical drop to support ticket price increase to \$82.99, thereby increasing revenue 1.4%
- Pursue national relevance, justifying the model's predicted price of \$95.87 outside of regional limitations, thereby increasing revenue 16.8%