Big Mountain Resort Recommendations.

Big Mountain Resort is a resort replete with many top facilities. It leads in many categories compare to other resorts in the country, including ski area and slope elevations. Thus, to reflect more to its actual value, the resort is planning to expand itself by installing additional chairs. This installation will cost Big Mountain Resort over $1.53 million over one season. To offset this cost, based on four scenarios, we recommend that the first and second scenarios dovetail with the actual value of the resort.

To ameliorate this situation Big Mountain Resort came up with four scenarios. In the first scenario, Big Mountain is planning to close lanes that are underutilized. Based on the models, if Big Mountain closes two lanes, it would be tantamount to closing one lane with ticket prices. The overall ticket prices would go down by about 20 cents. The effect of closing three lanes on ticket prices is tantamount to closing four or five as well, which equals to about 40 cents. Therefore, closing five lanes would be the most prudent in this case. When looking at six lanes or more being closed, there is a significant change in ticket prices, equaling about 80 cents per ticket.

For the second scenario, changing the facility to increasing the vertical drop by 150 feet and installing additional chairs will support a price increase of $2.07. This change would increase the revenue by about $3.62 million per season, which should offset the cost over the new chairs installed. The current ticket price for an adult during the weekend is $81.00. However, the model we tested is a price of $93.93, with mean absolute error of $10.26. This demonstrates there is a room for an increase.

The third scenario is quite like the second one, with the addition of expanding the snow coverage. However, based on the model the changes were quite insignificant. The fourth scenario is increasing the length of the ski. Based on our model, there was no significant change.

Thus, we recommend a combination of the first and second scenarios. The combination will bring the revenue that reflects the proper value of the Big Mountain Resort. First, increase the vertical drop by 150 feet. These changes should bring the necessary revenue changes. Second, close at least five lanes to bring down the operating costs in the most efficient way. If around five lanes were closed, the ticket price should go down by 40 cents. With the changes made by both options, ticket cost would go about $1.67.