

# Big Mountain Resort Presentation

## **Problem:**

**How can Big Mountain Resort create better value for their ticket prices, either by cutting their costs without changing ticket prices, or raising the ticket prices?**

# Scope of Solutions

**Making up the cost difference that is caused by the \$1.54 million additions expense from the new chair lift this season.**

## **Option 1:**

Run a comparison of the facilities vs tickets prices with other resorts and raise prices accordingly.

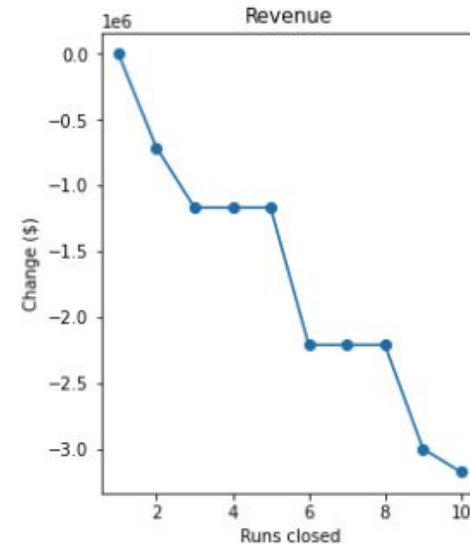
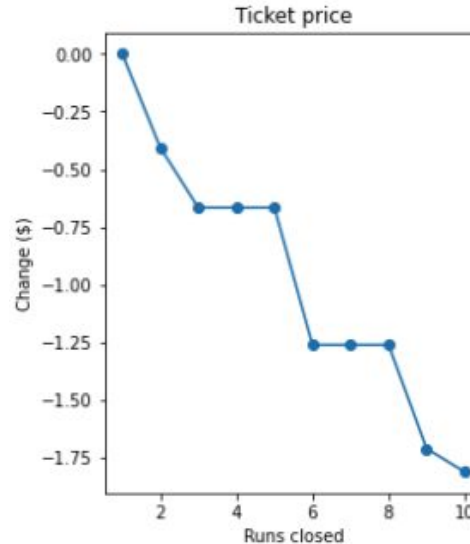
## **Option 2:**

Look for opportunities to either increase customer count, or adjust operations so that fewer lifts are operational

# Modeling and Results

## 1) Closing runs and the loss of profit that will occur.

- Closing 1 run makes no difference.
- Closing 2 and 3 reduces support for ticket price and so revenue.
- Closing down 3, 4 or 5 runs, no further loss in ticket price.
- Closing 6 or more leads to a large drop.



# Modeling and Results

## 2) **Big Mountain adding a run**

- Increasing the vertical drop by 150 feet
- Installing an additional chair lift.
- Adding 2 acres of snow making

This scenario increases support for ticket price by \$1.99. Over the season, this could be expected to amount to 3,474,638.

# Modeling and Results

## 3) Increasing the longest run

- Add 0.2 miles of run distance.
- Add 4 acres of snow making capability.

No difference in the predicted outcome. This scenario increases support for ticket price by \$1.99. Over the season, this could be expected to amount to 3,474,638

# Key Findings

## **Assuming:**

- Cost of another chairlift  $\approx$  \$1.5 million
- Customer count  $\approx$  350,000 people per season
- 5 day pass for each customer

**Regular ticket prices sales:**

**\$141,750,000**

**\$2 ticket increase sales:**

**\$145,250,000**

**\$3.5 million dollar difference.**

# Recommendations

- Raising the ticket price 2 dollars to cover the cost of operating a new lift seems like enough change for now, just to make sure the new costs are covered.
- Over the course of the near future, I would recommend increasing the longest run. The operations and increased snowmaking costs should be too costly.
- Testing the closure of runs. I would recommend finding the slowest business day according to ticket sale records, and try closing different runs over a multi-week period.