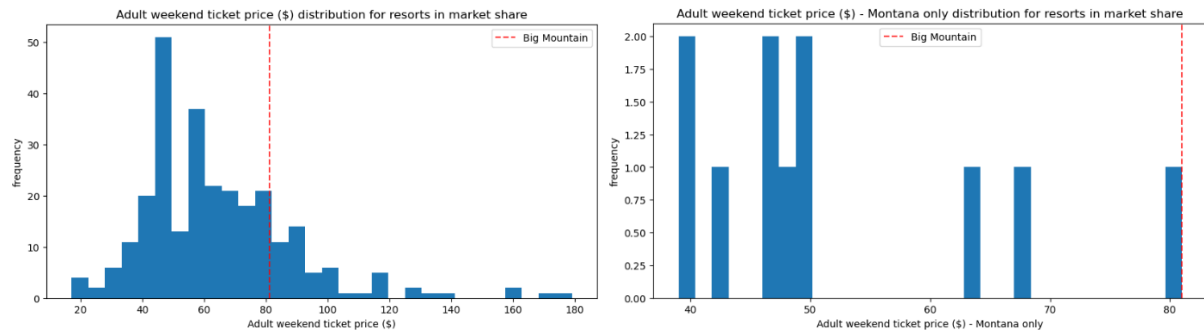
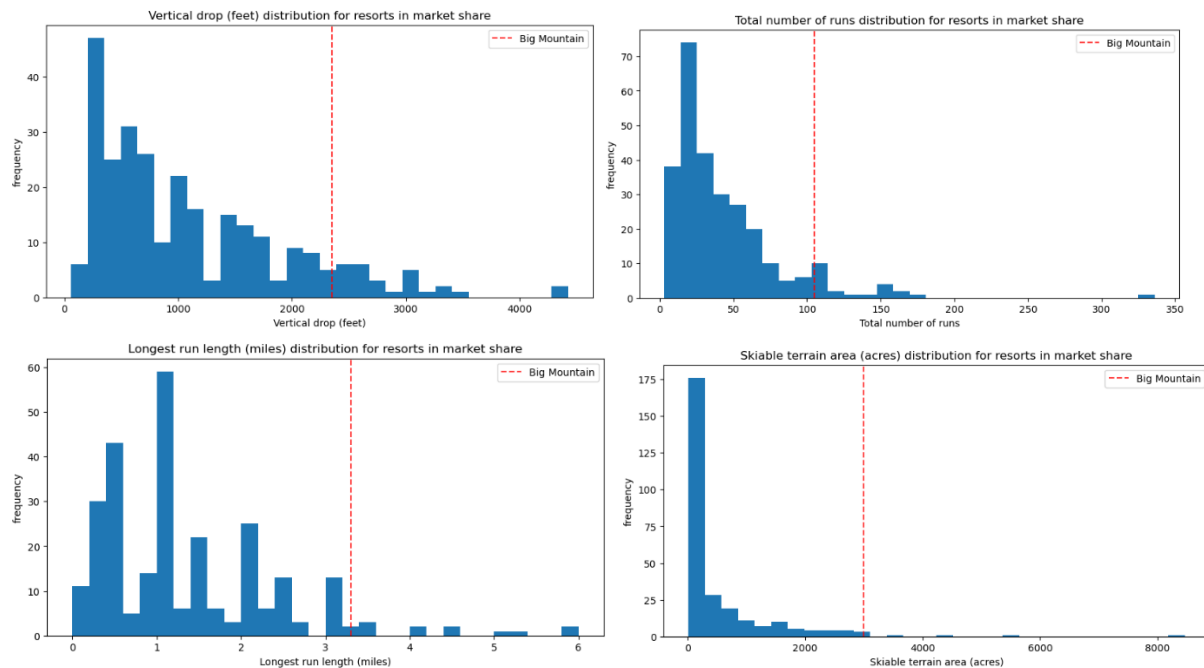
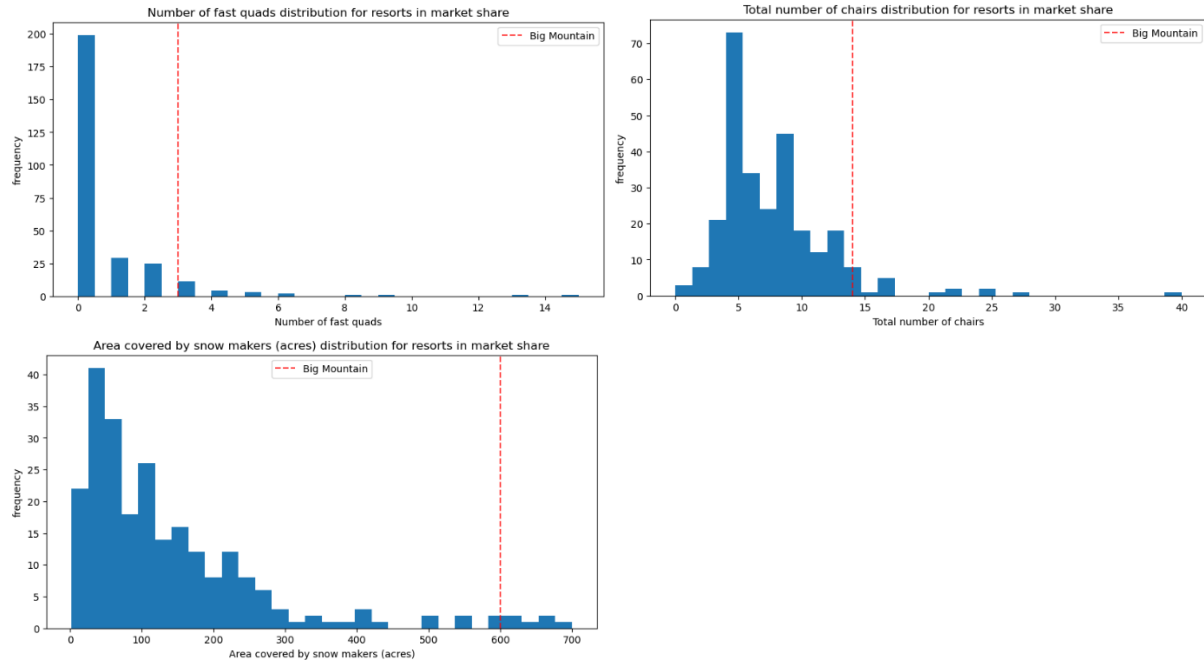


Big Mountain Resort's current pricing is \$81/day, but our modeling predicts that based on our features, the pricing should be \$95.87, with a mean absolute error of \$10.39 +/-1.47. This means that the data indicates that a price of around \$95 should be in the right ballpark, but there is wiggle room of about \$10 in either direction. Looking at histograms of ticket price, Big Mountain's ticket price is within a fairly average price range of all resorts in the market share, although it is already the most expensive resort in Montana.



As far as features that increase ticket value, it has a greater vertical drop, more snow making distribution, more chairs, more fast quads, more runs, longer runs, and more skiable terrain than the majority of competing resorts, with justifies a higher price point than not only the the regional competitors, but the majority of resorts in the market share.





We also investigated a variety of scenarios for changes that could be made at Big Mountain Resort that would either increase the ticket price or decrease operating costs. One possible option is to close 5 of the least used runs, but we need additional data on operating costs to know if the amount saved would offset the projected gross revenue decrease of \$1,166,667, based on decreasing the ticket price by \$0.67. However, given that there is wiggle room in the projected pricing model and this is a relatively small percentage of the total runs the resort has, it would be reasonable to keep the pricing the same while closing the runs.

However, the scenario of adding a run, increasing the vertical drop by 150 feet and installing an additional chair lift increases support for ticket price by \$1.99, which would increase gross revenue by \$3,474,638. After removing the cost of operating the new chair lift, there would be an approximate annual revenue increase of \$1,934,637, but this does not take into account the initial investment in these facilities, or the operating costs of the added run and increased vertical drop.

Additional data on operating costs and annual visitors for all of the resorts in our study would help us to better model a variety of pricing strategies, and to give more precise recommendations. However, given what we know, we recommend a new price of \$97.86, as well as adding a run, increasing the vertical drop by 150 feet, and an installing an additional chair lift. We also recommend closing one of the least used runs, so that the total number of runs stays the same, and possibly closing 5 more pending additional data on operating costs.