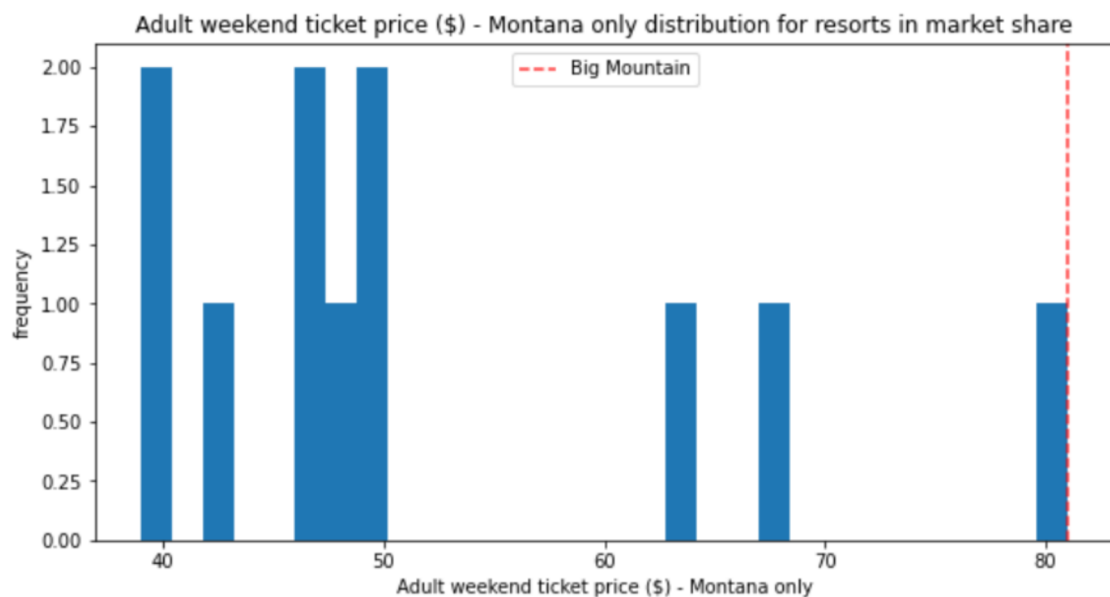


## Big Mountain Resort Pricing Recommendations

### *Ticket Price*

Based on Big Mountain Resort's current facilities, a random forest regression suggests a ticket price of \$95.87. Even with an error of +/- \$10.39, the current ticket price of \$81.00 can be justifiably increased based on other resorts in the same market.

While modelling suggests a ticket price between \$85.48 - \$106.26, this is based on national data and Montana market prices should be taken into consideration when considering what Big Mountain guests would be willing to pay. The histogram below shows that Big Mountain's current price of \$81.00 is already the most expensive resorts in the state. Locals may not respond well to price increase. With this in mind, I would consider charging different amounts for Montana residents and tourists.

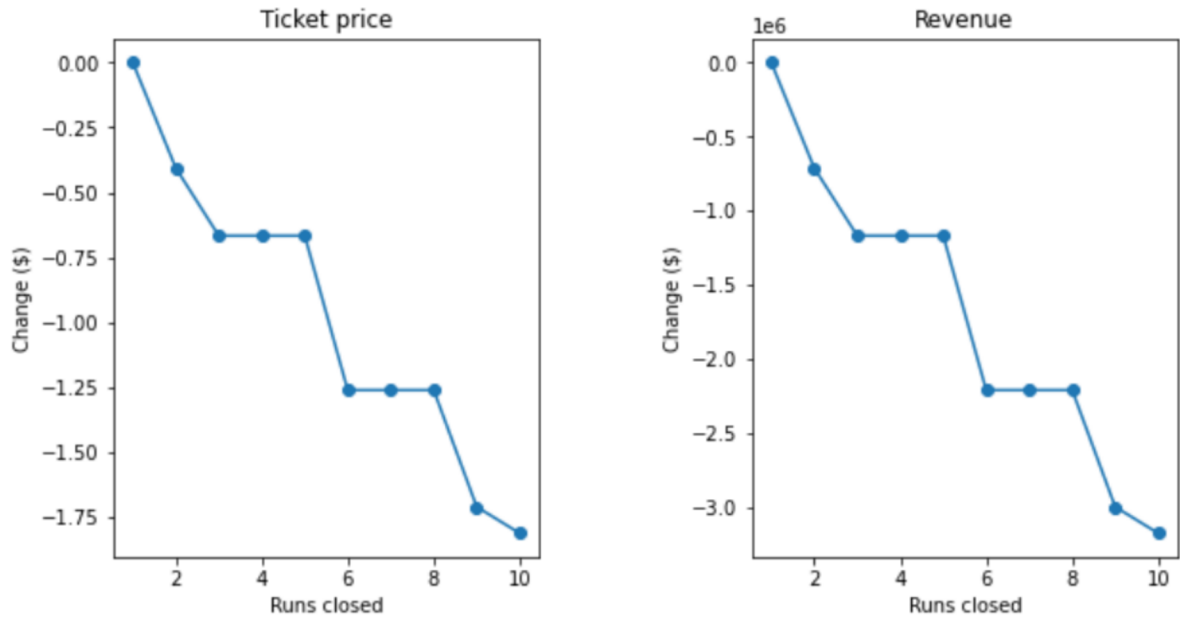


### *Future Considerations*

Here's a breakdown of predicted results of the four options Big Mountain suggested to increase profits:

#### **1. Permanently closing down up to 10 of the least used runs.**

Closing one run will not impact ticket price or revenue, closing two or three runs will drop price and revenue. If Big Mountain decides to close three runs, closing four or five will not reduce price or revenue further. Refer to the figure below to see the impact of closing more runs.



2. **Increase the vertical drop by adding a run to a point 150 feet lower down but requiring the installation of an additional chair lift to bring skiers back up, without additional snow making coverage.**

Modelling suggests that this justifies a ticket price increase of \$1.99 resulting in an estimated total of \$3474638 per season (based on 350,000 guests each purchains 5 tickets/season).

3. **The above scenario plus adding 2 more acres of snow making.**

Modelling suggests adding the two acres in snow making to the above scenario will not further increase ticket price.

4. **Increase the longest run by 0.2 mile to boast 3.5 miles length, requiring an additional snow making coverage of 4 acres.**

According to the model, this scenario will not impact ticket pricing.

The results of this analysis are based on the assumption that other resorts pricing is based on what people are willing to pay for certain features. With that said, we do not know how other resorts determine their price and flaws may exist in the pricing decisions made by other resorts. These results reflect how much Big Mountain can charge and what certain features are worth in the context of the current market and should not be interpreted as absolute values for these features.