# Big Mountain Resort Ticket Prices and Facilities Analysis

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# Big Mountain Resort is not capitalizing on its assets efficiently

- Current strategy is to base ticket price on market mean
- Does not account for Big Mountain’s unique combination of facilities and resources

# Further improvements being considered to justify increasing ticket prices:

1. Close 10 least used runs
2. Increase vertical drop by 150 feet, install chair to make it useable
3. Increase vertical drop and also add 2 acres of snow-making machine cover
4. Increase longest run by 0.2 miles, add 4 acres of snow-making machine cover

# Recommendation: increase Big Mountain's ticket prices by at least $10, and increase the vertical drop by 150 feet

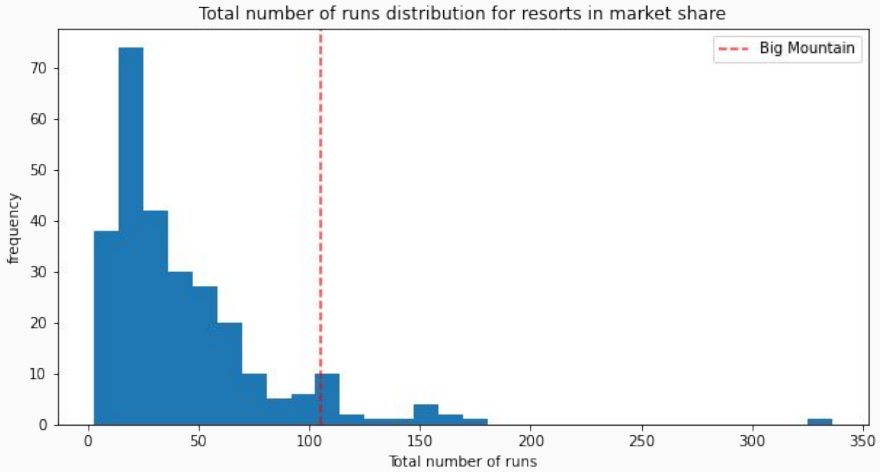
- Big Mountain's facilities are top-tier compared to most resorts nationally
- Big Mountain is significantly undercharging with respect to its facilities
- Facilities and features justify a ticket price between $88 and $108
    - Already the most expensive resort in Montana so better to stick to low end of range
- Increasing the vertical drop would justify raising ticket prices by $2, leading to yearly revenue increase of $3.88 million

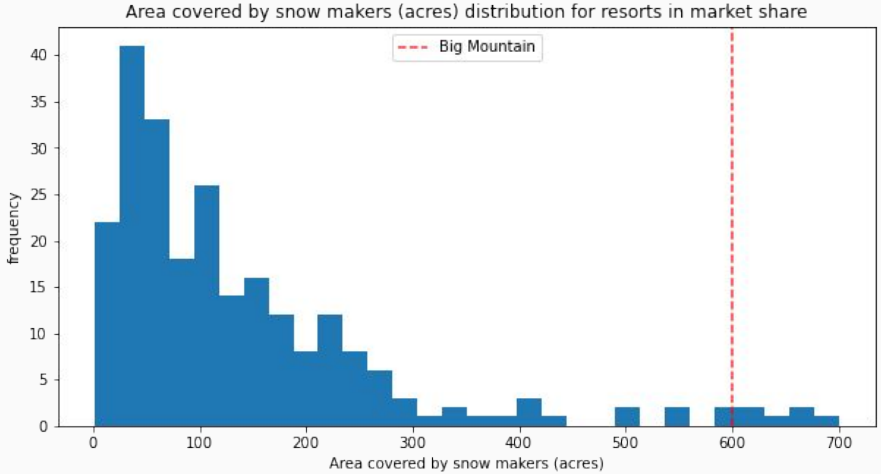
# Built random forest model using data from 330 resorts in the US

- Model predicted ticket price based on wide range of facilities and features at each resort
- Resorts in all states were treated the same
- Most important features for predicting ticket price were the number of runs, the number of fast quad lifts, the snow-making machine acreage, and the vertical drop

# Big Mountain Resort is a top-tier resort with a projected ticket price of $97.96

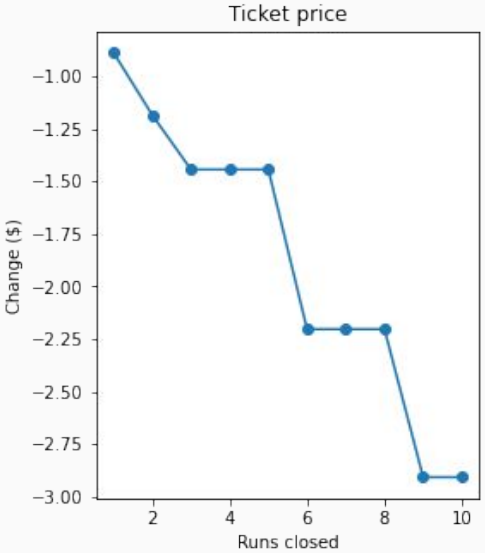
- Model projected ticket price range of $88 to $108
- Big Mountain ranks very highly in most features
- Representative sample of ranking in resort features shown in graphs

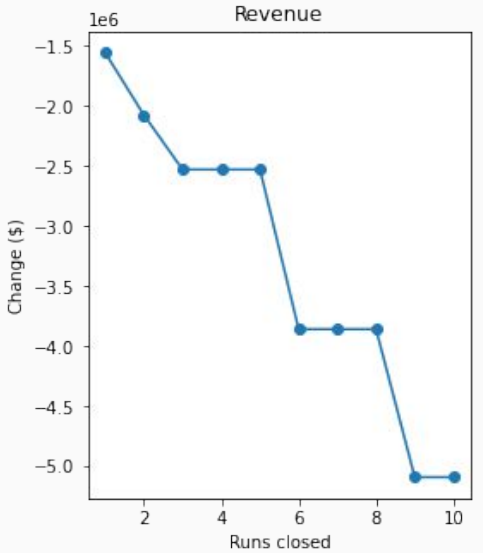


# Closing down 10 least-used runs would lead to $2.90 drop in ticket price and revenue loss of about $1.75 million

- Gradual stepwise decrease in revenue as number of closed runs increases
- Possible that decreased operating costs would offset the loss of revenue



# Adding a run to increase the vertical drop and installing a chair lift to service the run would justify adding $2.22 to ticket price

- Leads to revenue increase of $3.88 million per season
- Increased revenue should offset operating costs of chair ($1.54 million)
- Adding more snow-making machine coverage did not impact projected ticket price
- Increasing longest run by 0.2 miles did not impact projected ticket price

# Big Mountain Resort has plenty of room to increase the ticket price

- Adding a run to increase vertical drop would justify increasing ticket price even further
- Important to consider:
  - Operating costs
  - Big Mountain is already most expensive resort in Montana
- Further information that could influence decision:
  - Local vs national competition: are people traveling far to visit Big Mountain?
  - What facilities do customers believe are the most important for them?