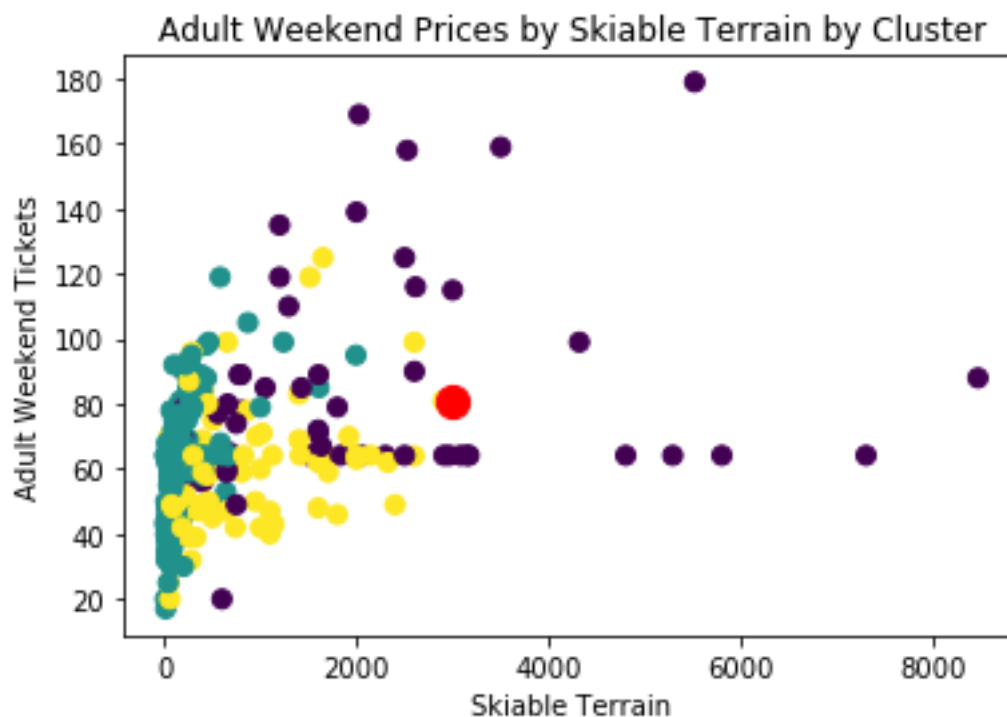


Big Mountain Resort Report

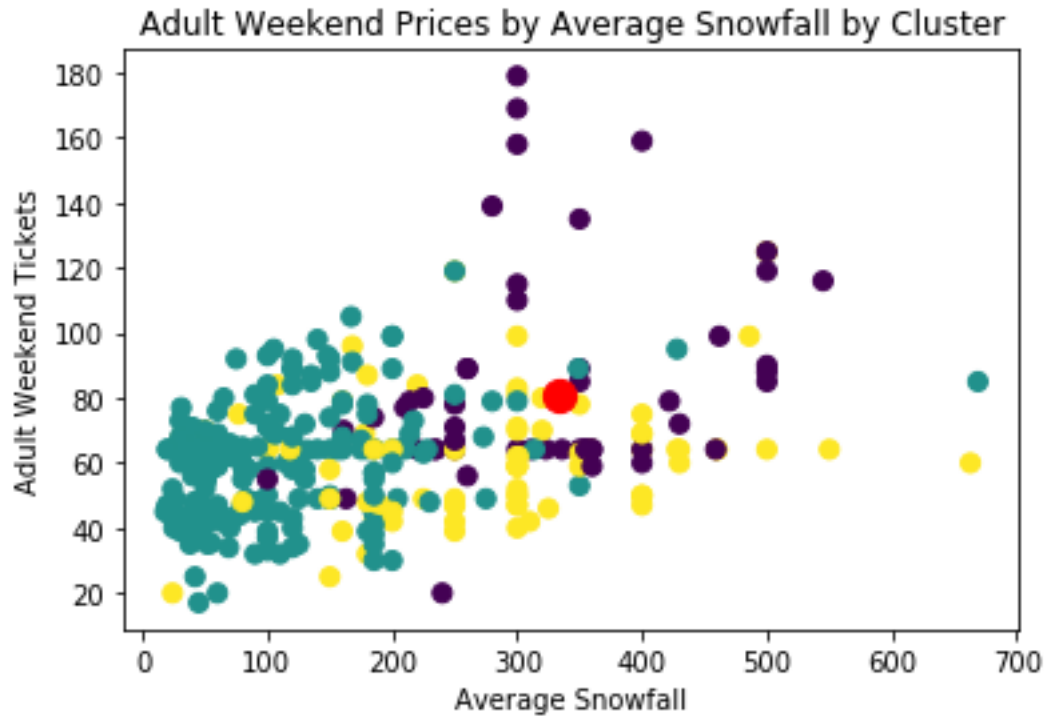
Big Mountain is a naturally endowed resort that has been part of the Montana community since 1947. Some of our features include an average annual snowfall of 333 inches, 3,000 acres of skiable terrain and several runs with the longest being 3.3 miles. Every year Big Mountain receives close to 350,000 visitors. In order to better accommodate them an additional chair lift was installed. While this new chair lift will improve our visitor's experience it will also increase the operating costs by \$1,540,000. In order to maintain our current profitability margins and offset the increase in operating costs we need to implement a new revenue generating strategy.

The strategy that will better address the issue at hand involves increasing the ticket prices for adults. The park is currently charging \$81 per adult. After carefully assessing the features of the park and those of the competitors it became clear the ticket prices could be increased to up to \$91. We arrived at this number by using a model that predicts the price a park would charge based on its features. The model was created using the information of over three hundred parks that are in our same market segment.

After considering what similar parks were charging we realized there is room for a price increase. In order to better represent these findings we divided similar parks into clusters. We then compared how the adult ticket prices to some of the other characteristics and we discovered we were charging less than similar parks. One of these characteristics was skiable terrain. We can see that we are charging the same or less than much smaller parks.



We find a similar situation when it comes to the average snowfall in different parks.



The situation was the same when we looked at other features such as the total number of lift chairs and the longest run in the parks. This is how our model determined we could increase the ticket prices to up to \$91. As you can see the increase is supported by the uniqueness and the quality of our park. Therefore, putting this strategy into play will offset the new operating costs and ensure healthy profitability margins for next season.