BMR Pricing Strategy Review

Modeled approach to pricing strategy - Brandon Ashton

Problem: Does current pricing reflect market position?

Currently Big Mountain Resort prices based on the **average market segment price** with an added premium.

Given data from other US resorts, could BMR facilities support a pricing change?

Can ticket price adjustment offset additional lift operating costs?

Problem: Does current pricing reflect market position?

- Current Ticket Price: $81.00
- Additional Ops Costs: $1.5M
- Expected Visitors/Tickets This Season: 350k visitors => 1,750k tickets
- Cost Offset: Ticket price must increase ~$1 to offset costs

Does model support a ticket price of $82 or more?

Recommendation

Increase ticket prices by $14.87 to new price of $95.87

Increases expected season revenue by $26M

Additional Scenarios

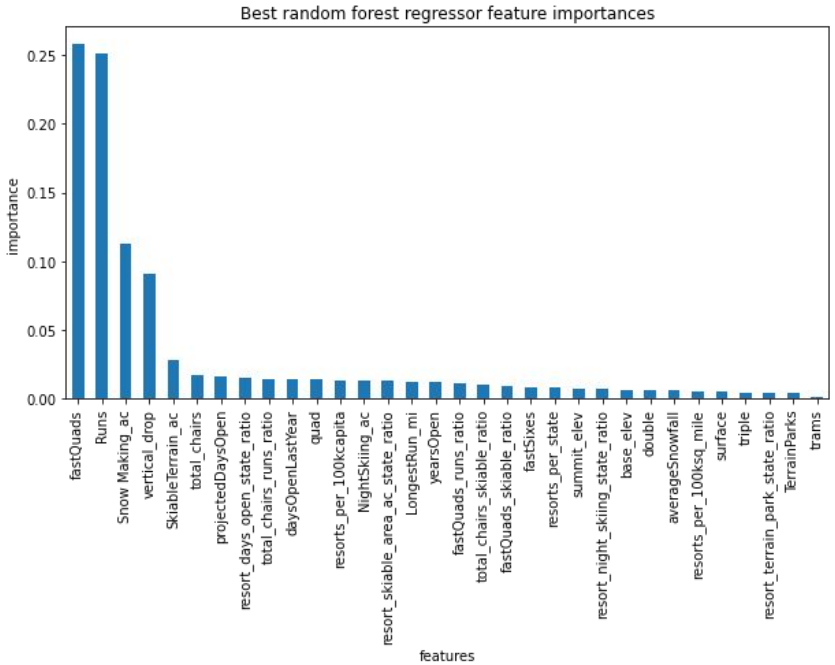
Scenario 1: Close worst performing runs (in stages)

Scenario 2: Add run, increase vertical drop, install chair lift

Model Analysis: What features were strongest?

Using multiple model approaches, there were four features that stood out:

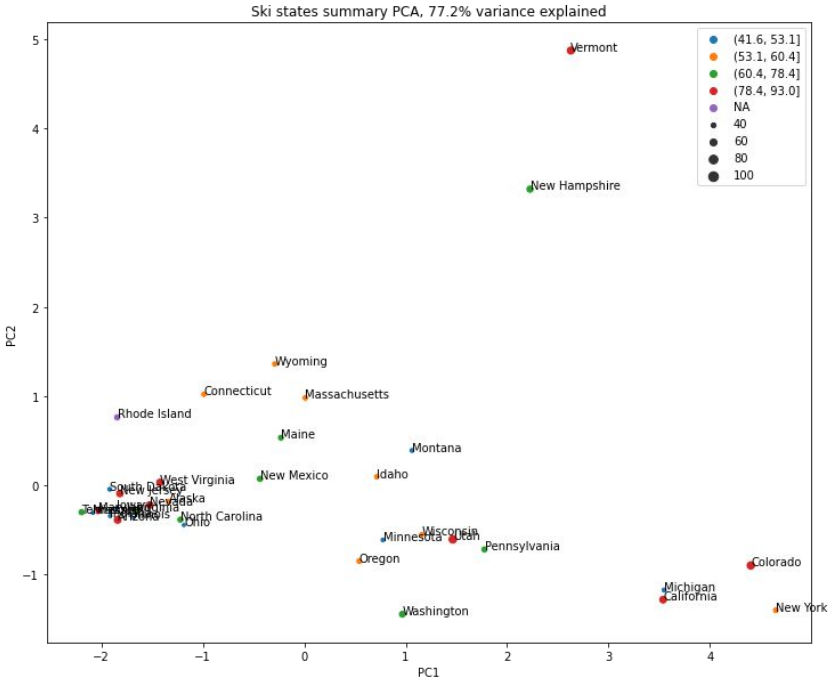
1. Number of Fast Quads
2. Number of Runs
3. Snow Making (acreage)
4. Vertical Drop



Model Analysis: No clear effect from state/region

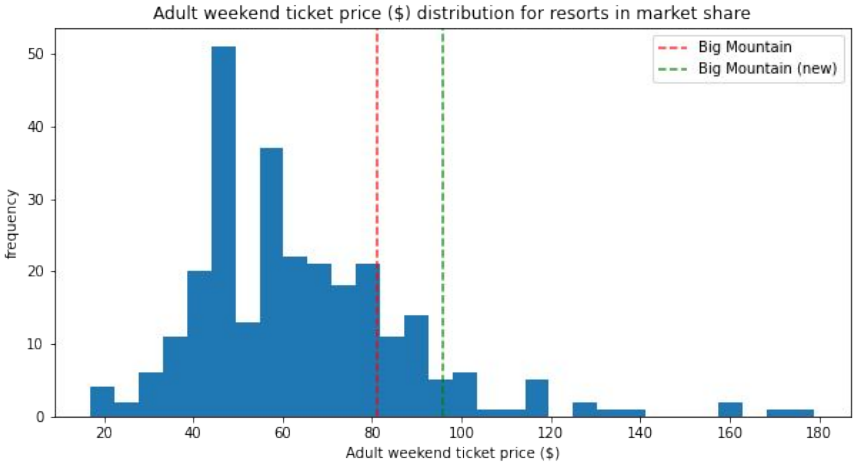
It was important to uncover whether there was a regional effect to pricing, either because of direct regional pricing variance or from higher population surrounding the resort.

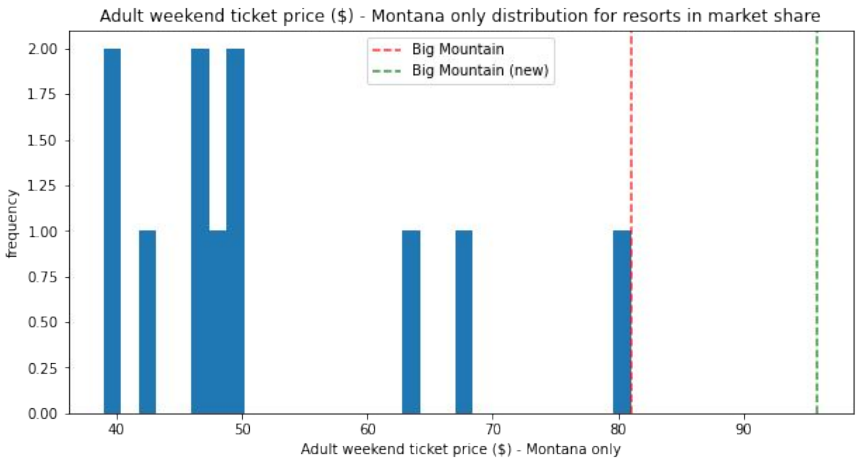
Finding: No clear pricing pattern emerged from state or surrounding demographics.



Model Analysis: New price position in market

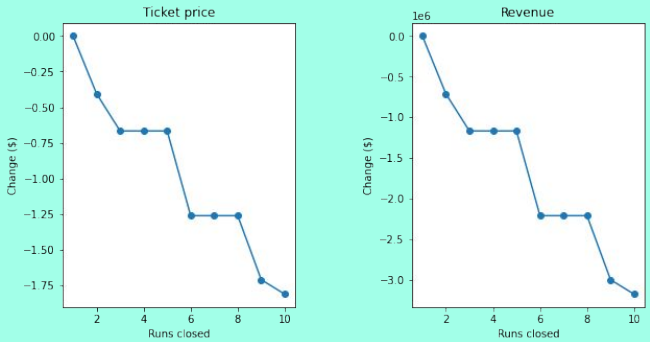
Considering all resorts, the price increase fits nicely into the distribution. But while state did not have any impact on the model, the price increase would make BMR the highest in Montana (as shown below)





Model Analysis: Proposed Scenarios

Scenario 1: Close worst performing runs
Price effect tiers at closing 2, 5, 8, then 10 where we can measure actual vs expected



Scenario 2: Add run, increase vertical drop, install chair lift
Recommended, would increase modeled ticket price by additional $1.99

Scenario 3: Sc 2 plus added snow making
Not recommended, small increase in Snow Making acreage does not adjust pricing

Scenario 4: Increase run plus snow making
Not recommended, the small adjustments do not adjust pricing up or down

Conclusion

- Current Ticket Price: $81.00
- Additional Ops Costs: $1.5M
- Expected Visitors/Tickets This Season: 350k visitors => 1,750k tickets
- Cost Offset: Ticket price must increase ~$1 to offset costs

Does model support a ticket price of $82 or more?

YES, with these key findings:

Price can be adjusted to $95.87 which would provide +$26M in revenue, or about $24M surplus over additional operating costs. Additional scenarios can provide added increase between $0.20 and $1.99 per ticket (range of +$0.35M to +$3.5M in added revenue)