



Big Mountain Resort: A Data-Driven Business Strategy

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Objectives

Currently charging as a “premium” ticket value at \$81.00 (adult weekend ticket price) as a marketing-driven strategy without much acknowledgement for the legitimacy of the pricing, and has potential to charge more. We are here to help the client evaluate their market value and how much they are capable of charging customers.

Using a data-driven business model, our team will identify the most valuable opportunities for the Big Mountain Resort to increase revenue, by:

- Implementing changes to one or more favorable resort facilities
- Identifying and applying a more honest price for lift ticket prices



Promising features

The most attractive features that bring value to the resort are:

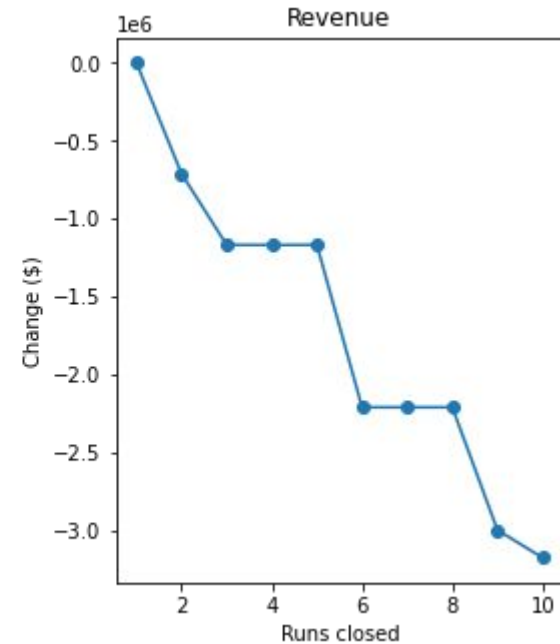
- Vertical drop (vertical change in elevation from highest lift drop point to base)
- Runs (total number of runs in the resort)
- Fast Quads (number of fast four person chairs)
- Snow Making (total area covered by snow-making machines)

Statistically, these are the facilities most likely to bring in a higher value to the resort based on how desirable they can be, so we could plan to make changes to one or more. We have developed and tested 4 potential development scenarios.

Modeling: Scenario 1

Action: Close up to 10 of the least used runs in order to reduce operating costs.

Result: Closing 1 run doesn't affect sales, but successively closing 2 and 3 runs increases losses, and closing more up to 6 and further only increases these losses. Therefore, this is not a strong scenario to help the business.





Modeling: Scenario 2

Action: Increase the highest vertical drop by adding 150 feet at the bottom of the run. This would require the installation of a new chair lift to bring the skiers back up, but does not include additional snow coverage.

Result: This scenario supports a ticket price increase by \$1.99. Over the season, this could result in an increase in revenue of \$3,474,638, making this a promising development plan.



Modeling: Scenario 3

Action: Increase the highest vertical drop by adding 150 feet at the bottom of the run. This would require the installation of a new chair lift to bring the skiers back up, including additional snowmaking coverage of 2 acres.

Result: This scenario supports a ticket price increase by \$1.99. Over the season, this could result in an increase in revenue of \$3,474,638. Extra snowmaking costs do not result in additional revenue, so this not an is not ideal development plan.



Modeling: Scenario 4

Action: Increase the longest run by 0.2 miles, to rounding it out to boast a 3.5 mile length, requiring additional snow making coverage of 4 acres.

Result- No difference, \$0.00, plus additional operating costs, so this is not a favorable development model.



Recommendation

Scenario 2 is the most favorable development plan that our team tested, and shows a clear increase in nearly 3.5 million additional revenue, if implemented correctly.

Share this development strategy with the marketing team, working with them to market the new facility changes as well as further analyzing the pricing model. This will provide the team and investors with confidence in the new strategy.



Summary

Once development of an additional chair lift and a longer vertical drop is complete, the resort can start charging up to \$95.87 for adult weekend lift tickets. This is the value that the pricing model predicted using an algorithm to determine the appropriate value of a lift ticket based on national ski resort data. The range of facilities offered and the population density of the state the resort is located in determines this value, and while the resort is already charging the highest price in the state, its facilities are favorable enough that the resort can afford to charge even a bit more.