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Big Mountain Pricing Optimisation

Big Mountain currently has a vertical drop of 2353 feet, 14 total chairs, longest run of 3.3 mile, 3000 acre skiable area and 600 acre of snow making area, with an adult weekend price of $81.

The price is currently higher than other Montana resorts, thanks to its best-in-class facilities. There is room for increase compared to other superior resorts in other states.

Based on current offering, model suggests price to be $100, a $19 improvement from current price. Model has an average error of $10, so the conservative recommended price would be $90, still an improvement of $9 from current pricing.

The operation of 14 total chairs can potentially be downsized. Model suggests reducing 3-8 chairs will cut the price by $1.4 per ticket. Assuming 350K visitors and 5 days per visitor, we are looking at $2.45 million. However, if the operation cost of running 8 chairs are greater than $2.45 million, then it does make sense to launch the plan - we will work closer with operation team to find out the less used chairs to turn off.

Vertical drop is a major factor in ticket pricing. Increasing vertical drop by 150 feet would increase the ticket price by another $1.88. This is a great marketing strategy if we can roll out this upgrade and at same time raise the ticket price. But first we need to find out what's the minimum cost of raising the vertical drop, potentially by extending the altitude of a current lift, and calculate the ROI and how many years of operation can return the investment.

Based on model outputs, we don't recommend increase the number of runs ,or the snow making areas, or the longest run distance. Those only have marginal improvements on pricing.