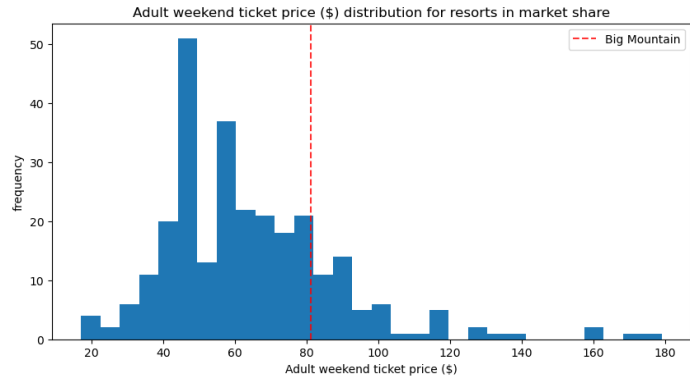


# Big Mountain Report

Big Mountain Resort has an opportunity to increase profitability and establish itself as a top-tier destination for ski enthusiasts.

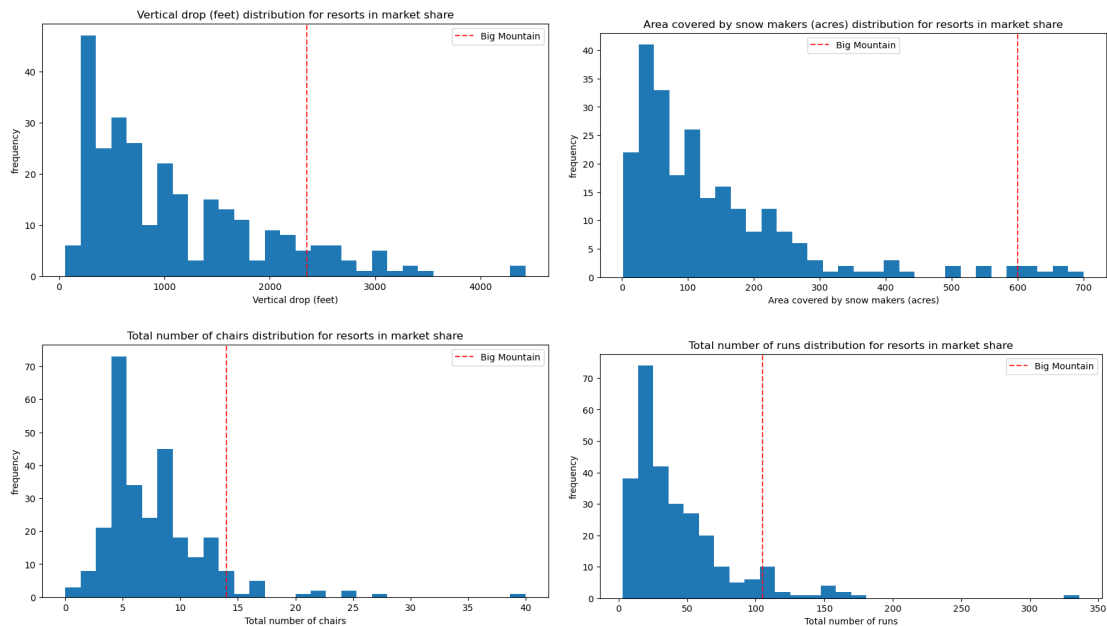
As this figure shows, Big Mountain's current ticket price is already above the median value, but far below the prices of some competitors.



This raises questions—what differentiates the median resort from the premium, which group does Big Mountain currently fit in, and what changes could be made for the future?

## Key Characteristics

By modeling characteristics of nearly 300 ski resorts, we were able to identify which characteristics were most indicative of ticket value. The following figures illustrate some of the most influential characteristics, and in these categories, Big Mountain is consistently above the median, often among the top tier.



Without making any changes to the resort operation, this model estimates that tickets could currently be sold for nearly \$95.87, a revenue increase of nearly 20% over current prices. The model also suggests changes that may further enhance profitability, either by cutting costs while maintaining the new ticket price, or by further enhancing revenue at a low additional cost.

## Recommendations

The first possibility is to close up to five of the least-used runs in order to cut costs. The model estimates that this would reduce the perceived value of a ticket by less than one dollar. Further study would be required to assess which runs would be most appropriate for closure and the amount of cost savings to expect.

Alternatively, Big Mountain could choose to expand further, adding another run served by a new chairlift, which would increase the resort's vertical drop by 150 feet. The model predicts this would increase the value of a ticket by a further \$8.61, which would raise revenue by an estimated \$15 million per season. However, Big Mountain already charges a significant premium over other resorts in Montana, and more study would need to be done to determine whether the current customer base would be willing to pay these higher prices, or if a change in marketing strategy would be necessary to attract a new class of customers.