The Challenge

- Operating costs are up at Big Mountain
- Adding a new ski Lift has added an additional 1.5 million in operating costs

Hypothesis

- Our current pricing strategy has been to charge a premium above the average price resorts in our market segment
- A working hypothesis is that in general we are not pricing our facilities the best way

Factors affecting profitabilty

- Higher revenue
  - Ticket prices **
  - Increased volume - more customers per year
- Lower operational costs

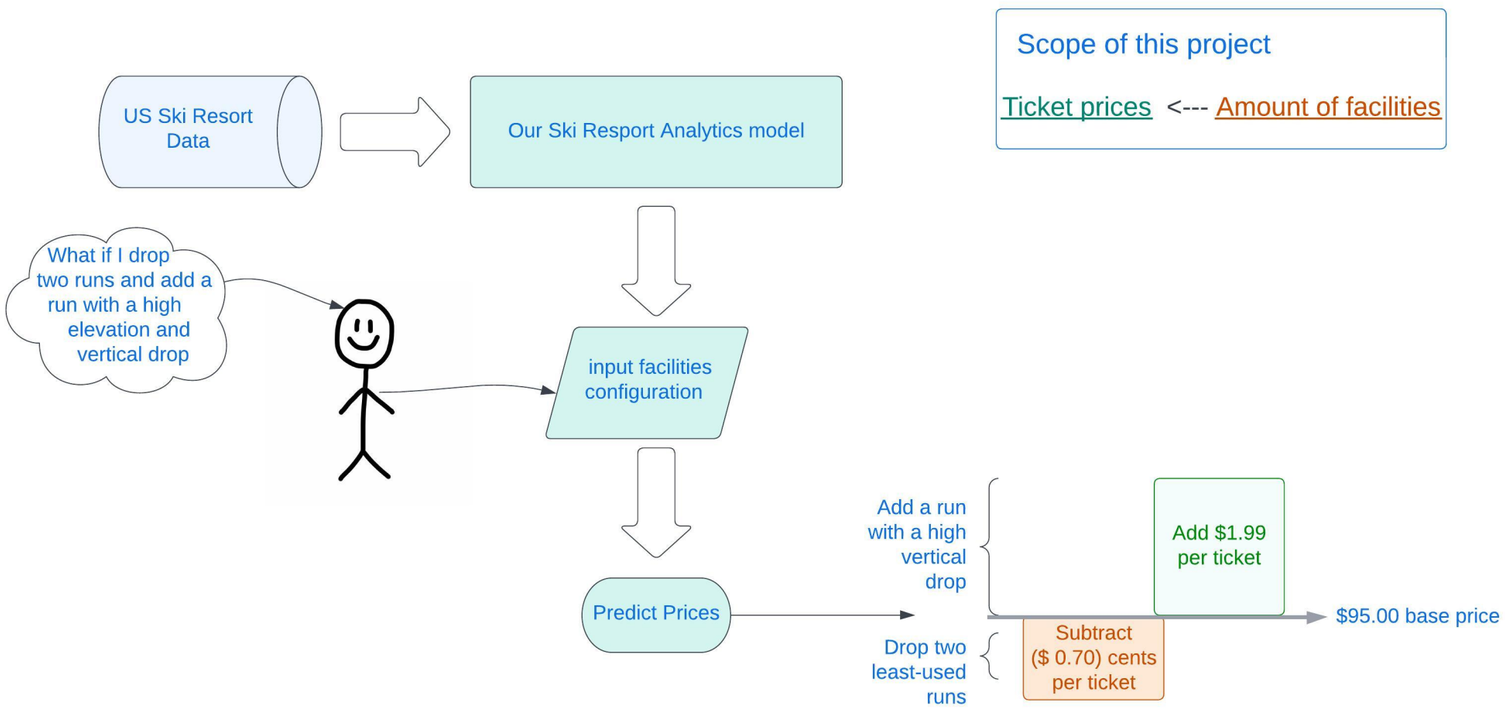
Factors that affect revenue

- Amount of facilities available **
- Quality of facilities available
- Quality of snow
- Blend of skill types - beginner, advanced, expert
- Competition - local and national
- Market brand
- Length of season
- Number of customers
- Market factors
- Competition - local and national

Scope of this project

Ticket prices <--- Amount of facilities

The scope of this project is limited to predicting how facilities changes could support higher ticket prices

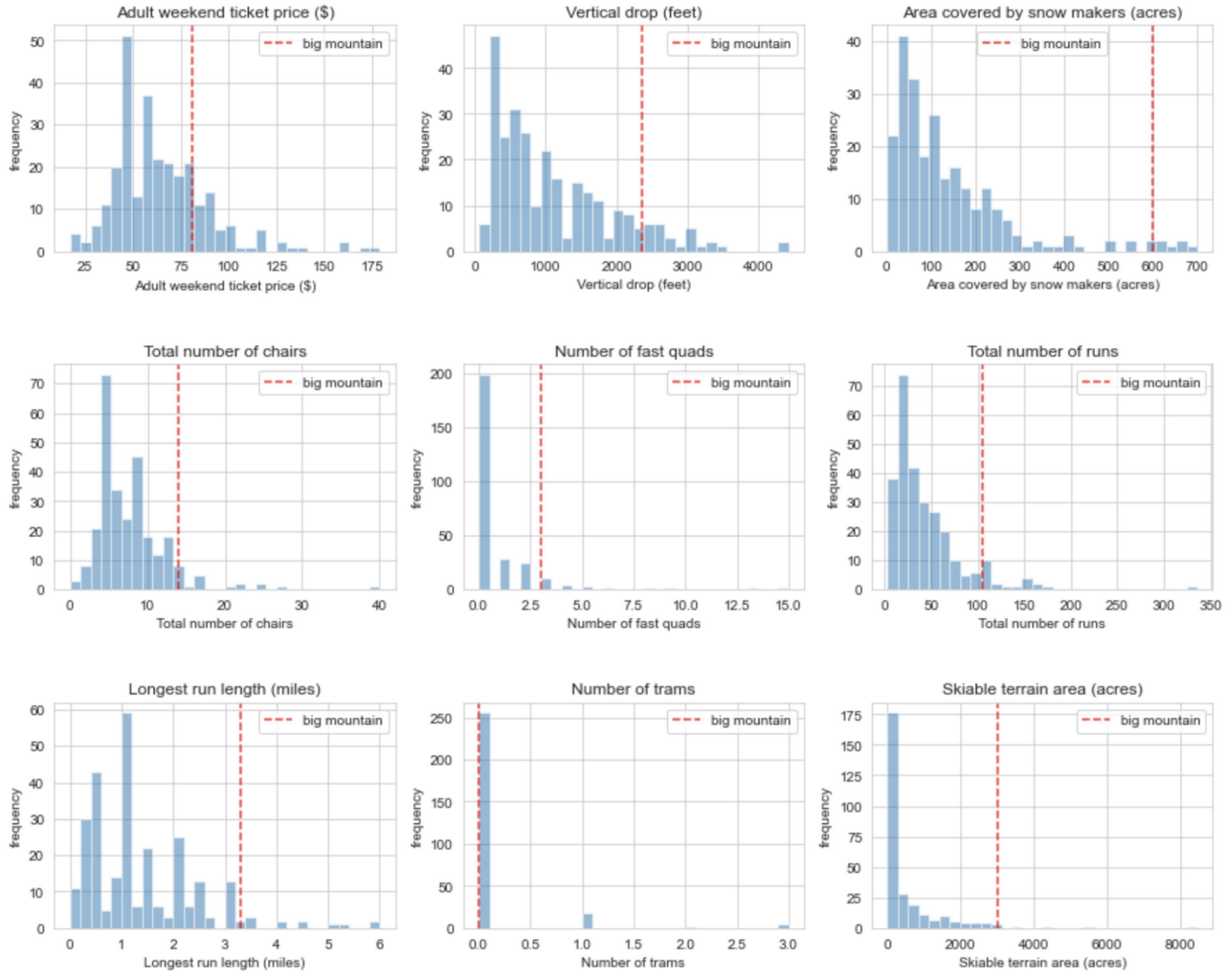


Current Status

Compared to all US resorts

Big Mountain currently charges $81.00 dollars for a weekend ticket which is a high price compared to many resorts — it's somewhere in the 90th percentile for all resorts in the US.

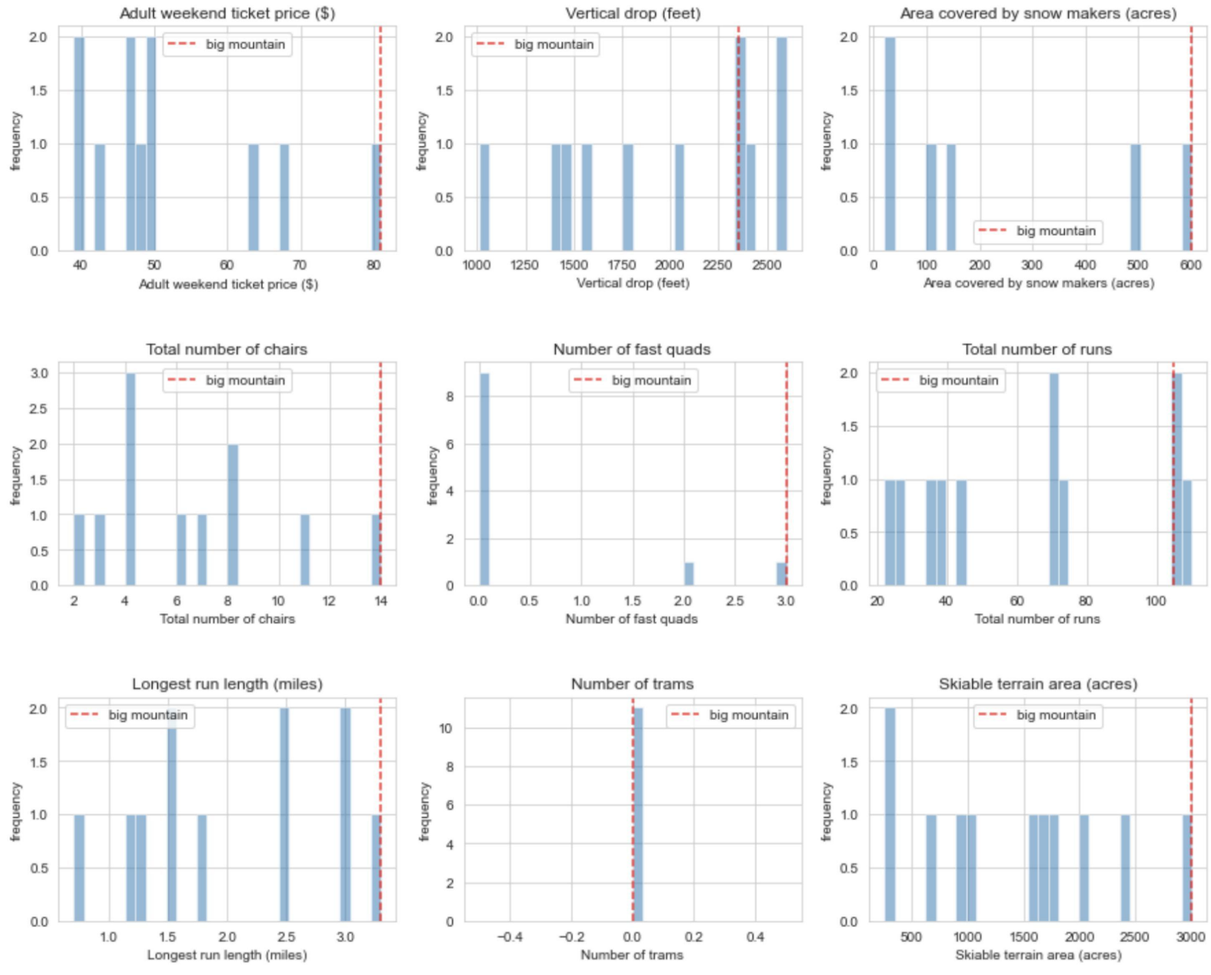
- Big Mountain has excellent stats in terms of number of `facilities` compared to all resorts across the US.
  - high vertical drops
  - amount of snowmaking equipment
  - number of chairf
  - fast quads



Compared to Montana resorts

Big Mountain has one of the highest prices in Montana, but it also has one of the most, if not the 'biggest' facility in Montana

- highest snowmaker distribution
- highest number of chairs
- highest fast Quads
- longest run in Montana
- most skiable area
- one of the highest priced
- has one of the higher vertical drops
- one of the higher number of runs

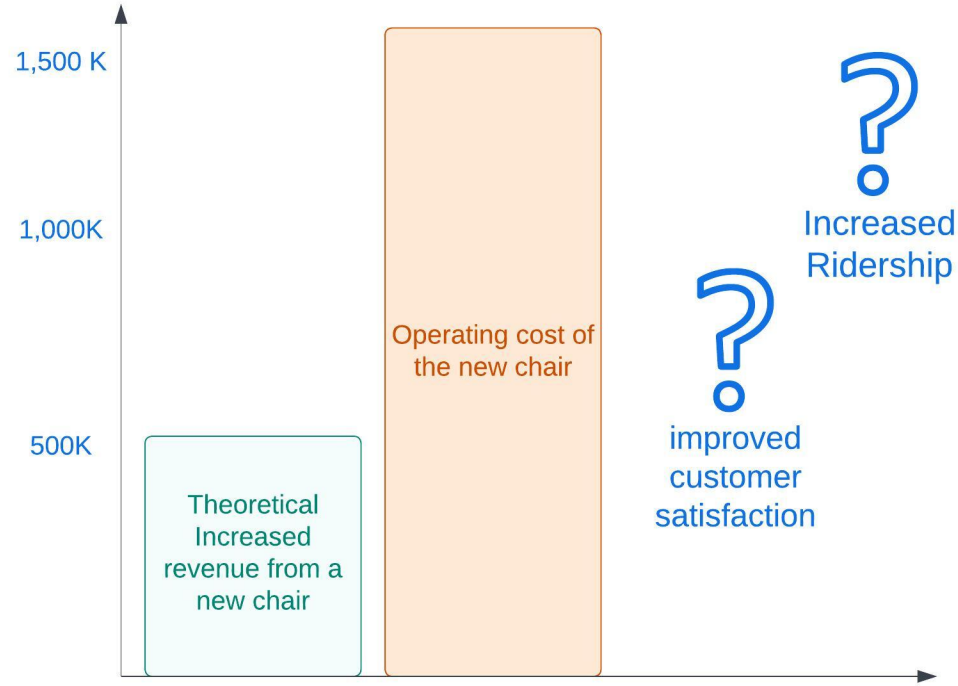


What-if Scenarios

The data does not support an increase in price due to our new chair

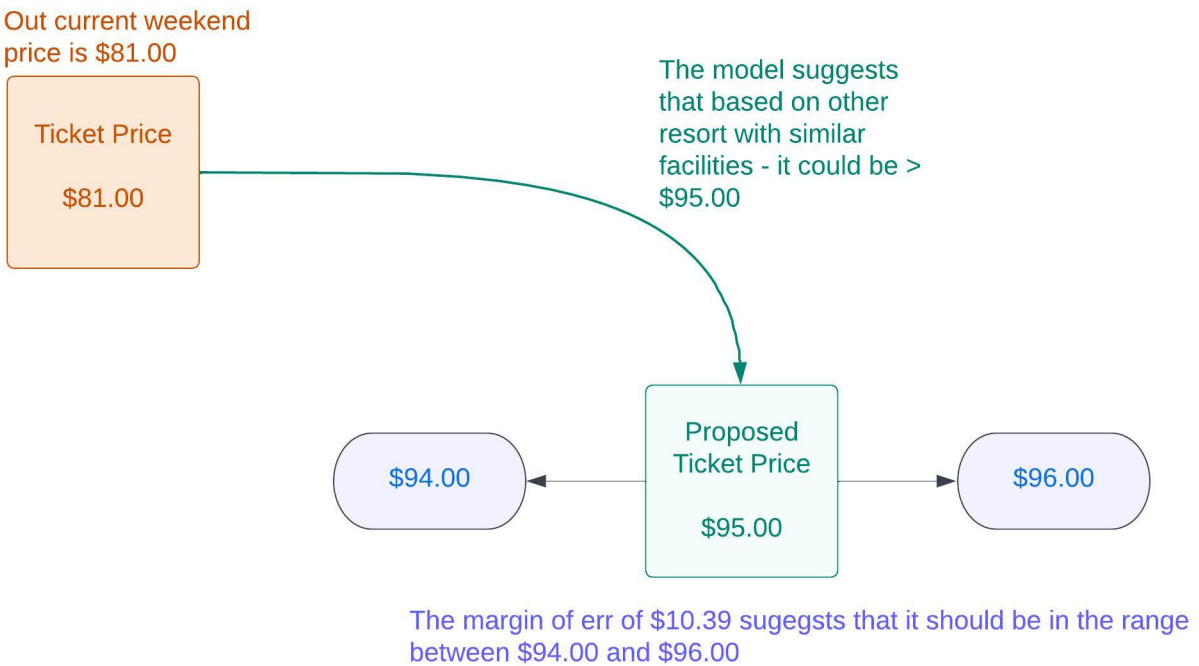
The new chair might could still increase ridership and customer satisfaction

Our operating costs are triple the boost in price predicted by the data



The data supports a higher ticket price

But this needs much more validation befor being actionable

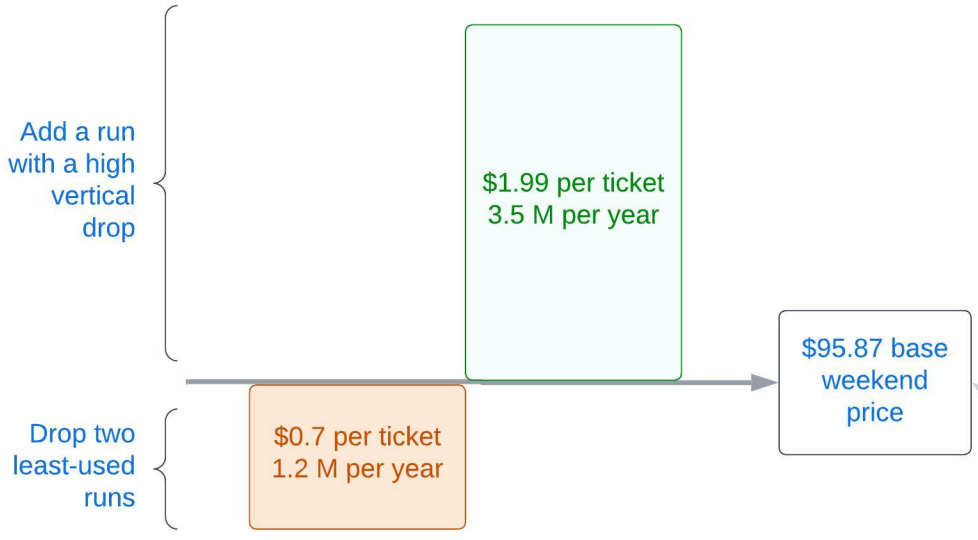


A possible scenario

A possible scenario suggested by the data model numbers is that we drop some of the least used runs, and retro-fit or add a new run with a big vertical drop.

This is still a very initial analysis and is unproven

Dropping one or two runs had a negligible effect of ticket price ($0.70 per ticket). While creating higher vertical drop supported a $1.99 per ticket increase



This is in addition to the suggestion that without any change Big Mountain could charge between $94.00 and $96.00 per weekend ticket -- worth more that 26 M per year

How can we improve these analytics?

Improve our facilities data	Expand our data	Introduce additional data sets
Get the margin of error down Determine why vertical drop is a key driver Are there other ways to group other resorts that are like Big Mountain? What should the ticket price be when compared with Montana alone - or with a different market segment?	Get travel and entertainment data, at least for a subset of resorts Expand data to include, snow quality, length of season, number of customers/year Expand our facilities data to include skill levels - (easy, intermediate advance, expert)	Should we gather any economic data? Are there other factors or assumptions that we can learn from Marketing?