

INTRO

GUIDED CAPSTONE PROJECT REPORT

CONTEX

- ▶ Big mountain is currently charging its customers slightly more than the average price of neighboring resorts
- ▶ Big mountain resort is looking to make a data-driven price adjustment to their current admission price.
- ▶ The data obtained contains information about resorts all over the united states and indicated attributes these resorts have such as elevation drop, runs and most importantly, pricing

CHANGES BIG MOUNTAIN SKI RESORT IS WILLING TO IMPLEMENT

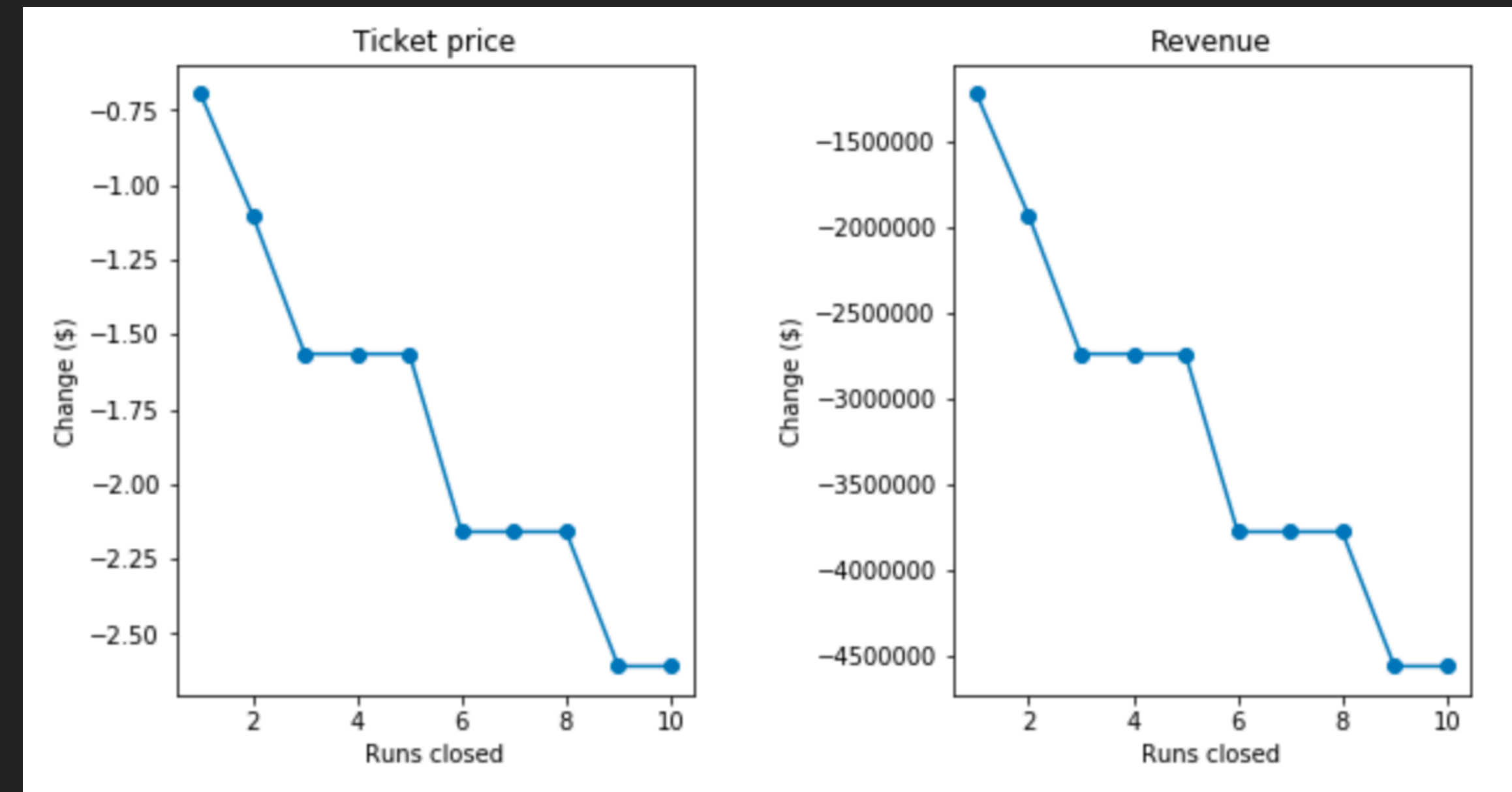
- ▶ Close up to ten of big mountains least used runs
- ▶ Constructing an additional run which increases the total vertical drop by 150 feet and installation of an additional chair lift
- ▶ Adding two acres of snow making in addition to the newly constructed run
- ▶ Increasing the longest run by 0.2 miles and guaranteeing its snow coverage by providing an additional four acres of snow making

CLOSE ONE LEAST USED RUN AND CONSTRUCT A NEW RUN INCREASING VERTICAL DROP BY 150 FEET

- ▶ My recommendation is that big mountain resort closes one of its longest least used runs and construct a new run which increases big mountains total vertical drop by 150feet along with the installation of a new ski lift which brings customers back to base.

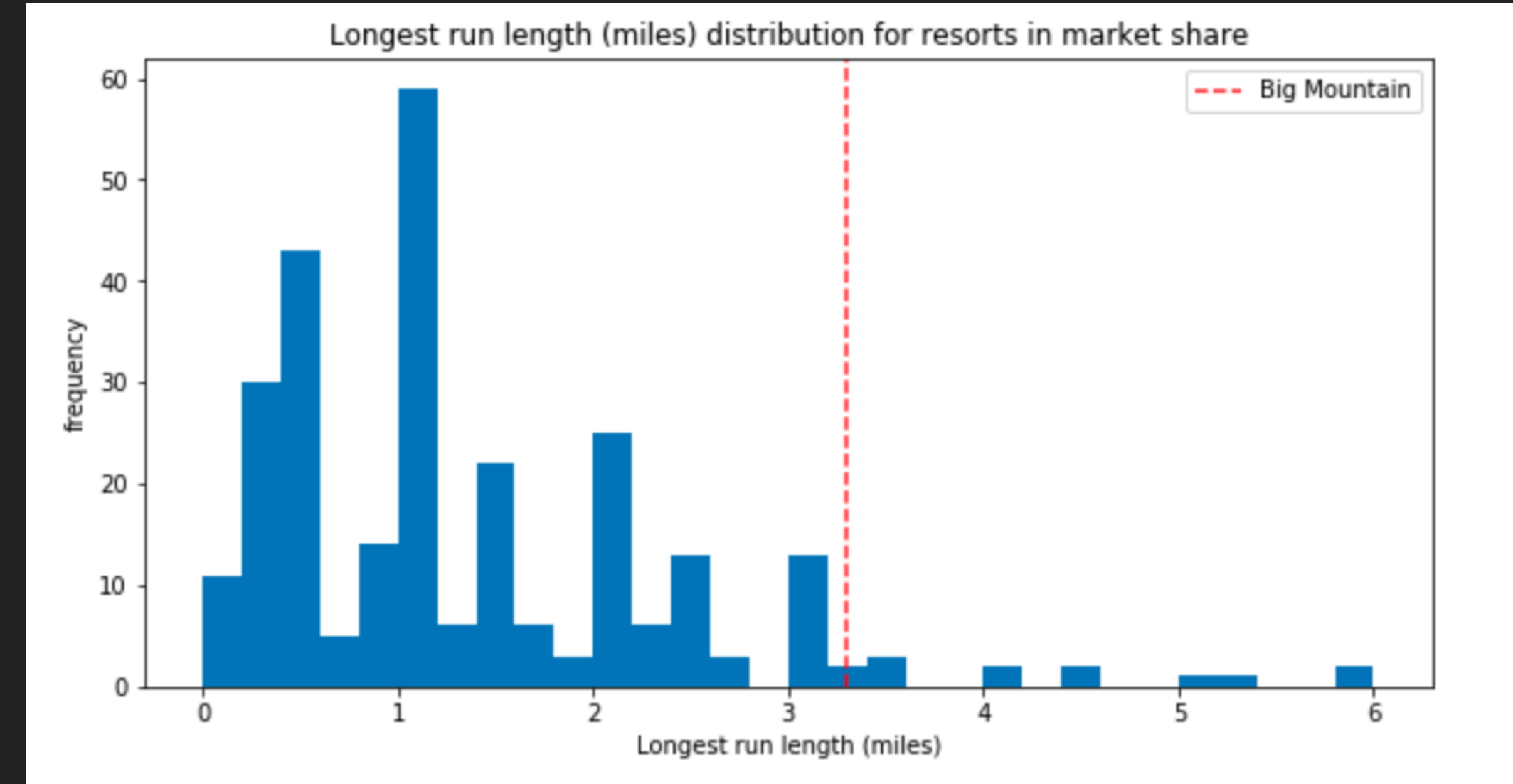
RECOMMENDED: CLOSE ONE RUN

- ▶ Closing one run has no impact on the admission price but it does save big mountain maintenance cost.
- ▶ Closing three to five runs yield the same price impact
- ▶ Similarly, closing six to eight runs yield the same price impact
- ▶ Closing nine and ten yield the same impact
- ▶ We will need further information to make different well informed recommendation



RECOMMENDED INCREASING VERTICAL DROP AND INSTALLATION OF NEW LIFT

- ▶ As we can see, Big mountain already obtains above average vertical drop in comparison to other resorts
- ▶ Increasing vertical drop may yield \$16,485,507 in revenue this season with the projected 355,000 visitors that stay about five days
- ▶ Increased vertical drop can support a \$9.42 admission increase bringing the ticket price up to \$90.42
- ▶ Maintenance cost of lift is not factored into recommendation



IN ADDITION TO VERTICAL DROP AND NEW LIFT, CREATING 2 ACRES OF SNOW

- ▶ Creating 2 more acres of snow to guarantee skiable conditions on the extended run will support a \$1.62 per admission, yielding \$2,840,580 of revenue this season with current projections.
- ▶ Total ticket price increase with the new 150 foot run, ski lift and 2 acres of snow making will be \$11.04 per admission or \$19,326,087 seasonal revenue
- ▶ Maintenance cost for 2 acres of snow making is still unknown so we are unsure if incorporating snow making is a profitable recommendation.

OUR MODEL PREDICTED NO SUPPORT FOR ADDITIONAL RUN AND SNOW MAKING

- ▶ Our model did not predict a possible admission payment increase if the longest run was extended by 0.2 miles or creating 4 more acres of snow
- ▶ Given that the cost to develop a new run and make snow is not free of cost, it is not recommended to embark in such endeavor because it does not reflect customers willingness to pay more
- ▶ Vertical drop holds a higher impact on the price of admission than longest run
- ▶ Its currently not advisable to develop a longer run which calls for more snow making.

CLOSE ONE OF BIG MOUNTAINS LEAST USED RUN AND INCREASE VERTICAL DROP

- ▶ With the information we were given, it is recommended to close one of Big Mountains longest least used run and instead create an additional run which increases the total vertical drop by 150 feet
- ▶ These additional features will bring \$16,485,507 in additional revenue after installing new ski lift however, this does not factor in maintenance cost of the ski lift
- ▶ The amount of savings by closing a run is currently unknown

Possibilities to look into: cost of maintaining ski lift and snow making