Andrew Call

**Big Mountain Project Report**

For this project, we were able to collect data from almost 300 resorts around the country. This data included ticket prices as well as specific information on over 2 dozen features of each resort, including things such as the number of runs, the overall vertical drop of the mountain, the amount of skiable area, number of chair lifts, etc. While we had some missing data, it was a small enough percentage that there was still enough information to get a good overview on the current market.

While exploring data, we were able to pinpoint exactly which features and facilities were strongest at the resorts where travelers are willing to spend the most money, and used that evidence to calculate the expected market ticket price based at each resort. In our analysis, our model found that Big Mountain’s expected market price came in $14.87 higher than our current price. While the model shows that a price increase is appropriate based on what Big Mountain offers, it should be taken into account that there is some margin for error here, and Montana's prices are lower on the average than most other states, at just over $51 per day ticket. At the same time, Big Mountain offers much more in value than any other Montana resort, so the higher price is certainly justified by the strength of the facilities, which also place Big Sky Mountain as one of the most highly valued resorts in the entire country. Because of this, I believe a small ticket increase would be unlikely to reduce the # of visitors, and would result in increased revenue overall. There will still be several other resorts in other areas of the country considerably higher in price than Big Mountain, and Big Mountain also has superior features to many of these resorts.

We also ran our model to test out the affect some proposed ideas would have on ticket value and revenue. In one scenario, we’ve determined that adding a new chair lift and increasing the vertical drop would increase market ticket value by $1.99. This would amount to around $3.5 million additional revenue over the course of the season. This more than makes up for the additional cost of a new chair lift, as last season it was determined a new chairlift brings around $1.5 million additional operating costs for the year. We also ran an estimate on whether also adding 2 acres of snow coverage would further add value, but did not find that it would.

The model also determined that closing 1 run should have no effect on ticket value whatsoever, and the value is also the same whether we choose to close 3, 4, or 5 runs. One option may be to close 1-2 right away, and evaluate actual revenue change over a short period of time. If wanting to save more costs right away, another more aggressive option would be to go ahead and close 5 runs right away. I do believe that closing any more than 5, however, would run the risk of devaluing the ticket price enough to have an adverse effect on revenue.

Lastly, I ran a final scenario where we slightly extended the length of the longest run, and added 4 additional acres of snow coverage. Neither changes would amount to additional value based on the data. I would not recommend making either change at this point.

In the end, the best options, given the proposed scenarios, include a small increase in ticket price of no more than 10%, along with the addition of 1 more chair lift, as well as an extension of the overall vertical drop of the skiable portion of the mountain.