Big Mountain Resort

Ticket Price Modeling & Recommendations

Background

Big Mountain currently sets its ticket price at a set premium to the average price for a sample of other resorts.

This approach does not consider resort-specific attributes that are strongly linked to ticket price, and how Big Mountain compares to other resorts across these attributes.

Our team conducted data-driven modeling to

- Suggest how Big Mountain might better customize its price considering its unique characteristics, and
- Evaluate how potential feature changes at Big Mountain may further impact price recommendations.

Key Findings and Recommendations

Based on how Big Mountain compares to other resorts across various key features, we recommend considering increasing ticket price by up to $15, ignoring any other potential changes at Big Mountain.

Also, our model suggests any run closures should impact ticket price, with the first few decreasing ticket price by ~$0.15 each.

Additionally, extension of Big Mountain's vertical drop through the addition of a run and chair should support a price increase of ~$2.

Our model does not suggest a ticket price difference by adding snow-making to this new run, but it may make sense to add anyway if the new run is expected to be an important attraction.

Our model also does not suggest a price impact by extending the longest run by 0.2 miles.

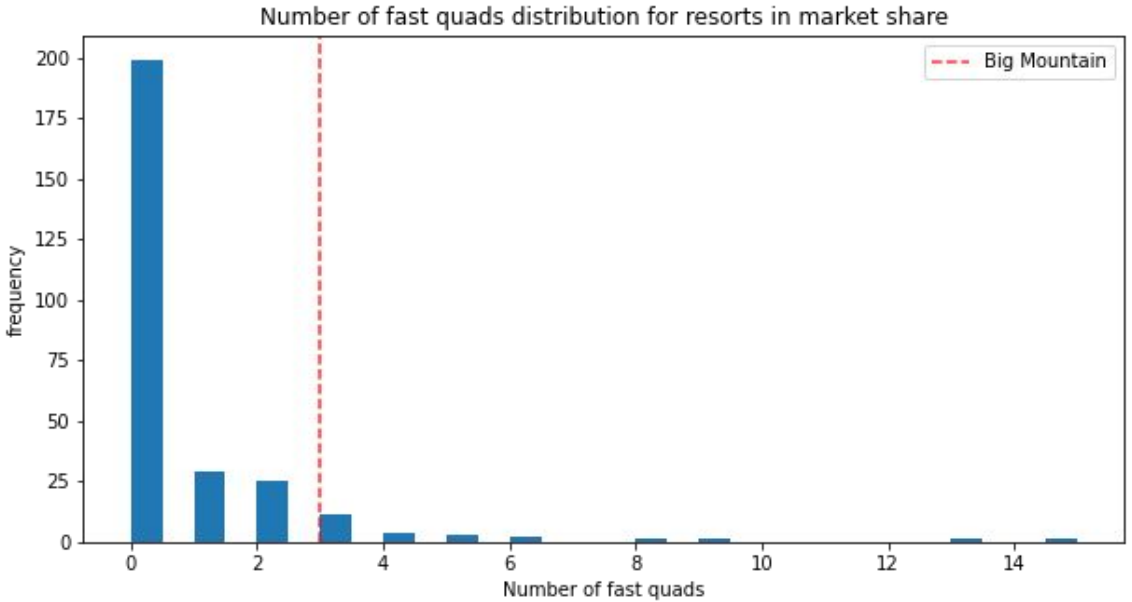
Ticket Price Drivers

High-Speed Quad Lifts

Our model found four key resort features with a very strong association with ticket price.

Big Mountain compares well across each of these, hence our finding that it may consider a baseline price increase of up to $15.

How Big Mountain compares in terms of high-speed quad lifts, the first of these four features, is shown to the right.



Ticket Price Drivers

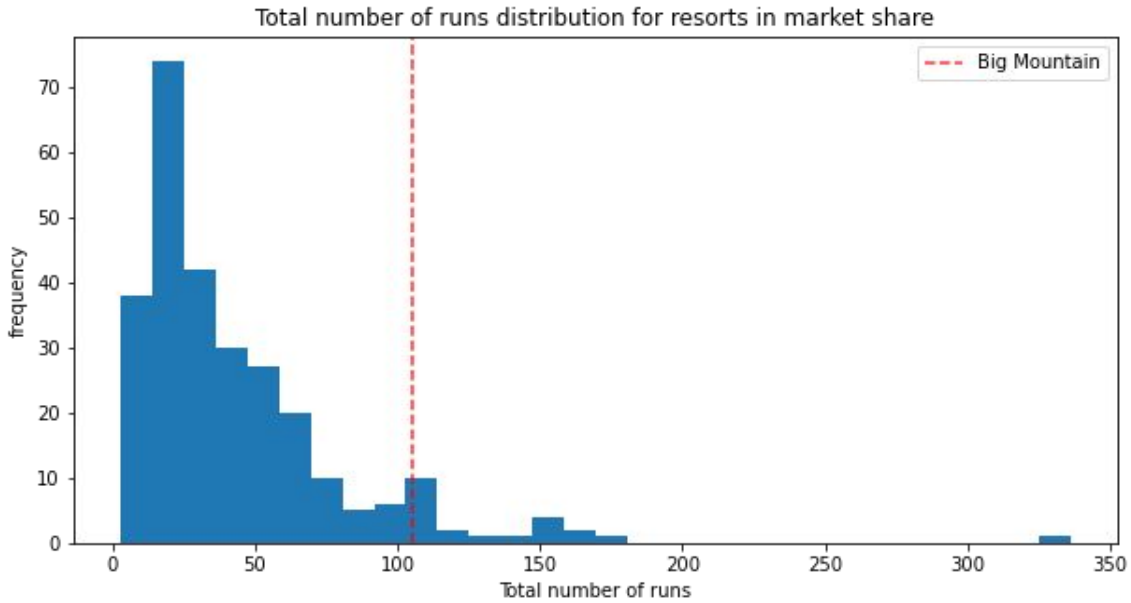
Runs

The second key feature linked to ticket price was number of runs.

Big Mountain's positioning is shown to the right.

This linkage underlies our guidance regarding potential run closures/additions.

The first few (~5) closures at Big Mountain would suggest a price decrease of ~$0.15 each, with the impact per closure slightly increasing beyond 5.



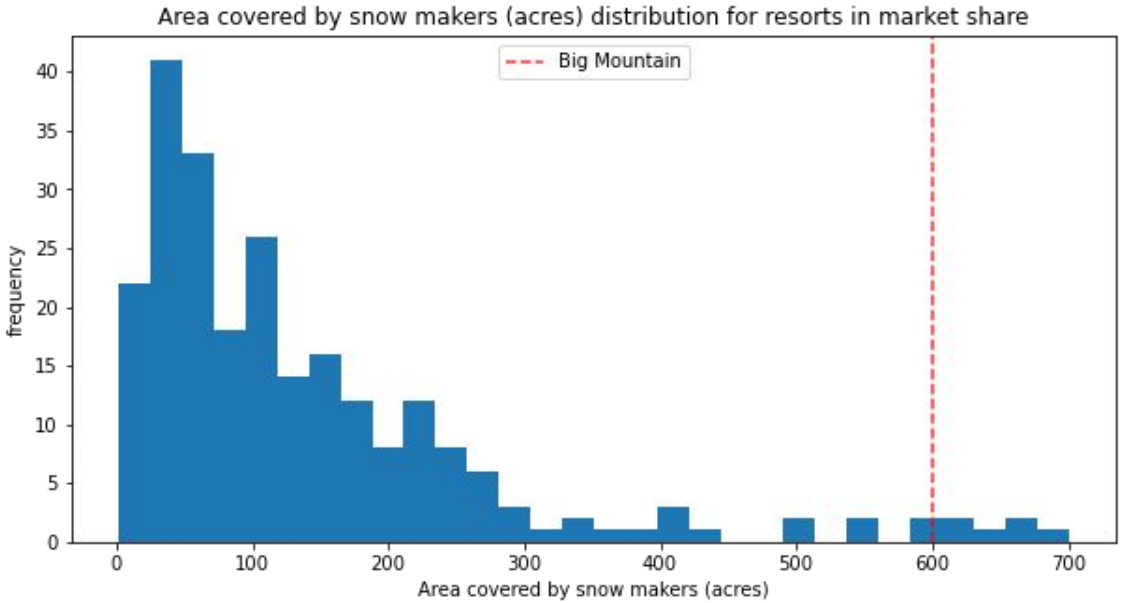
Ticket Price Drivers

Snow-Making

The third key feature linked to ticket price was area covered by snow-making.

Big Mountain's positioning is shown to the right.

Although snow-making is an important feature, the relative sizes of the contemplated expansions (i.e., with the addition of the new run or the extension of the longest run) are too small to suggest a price impact under our model.



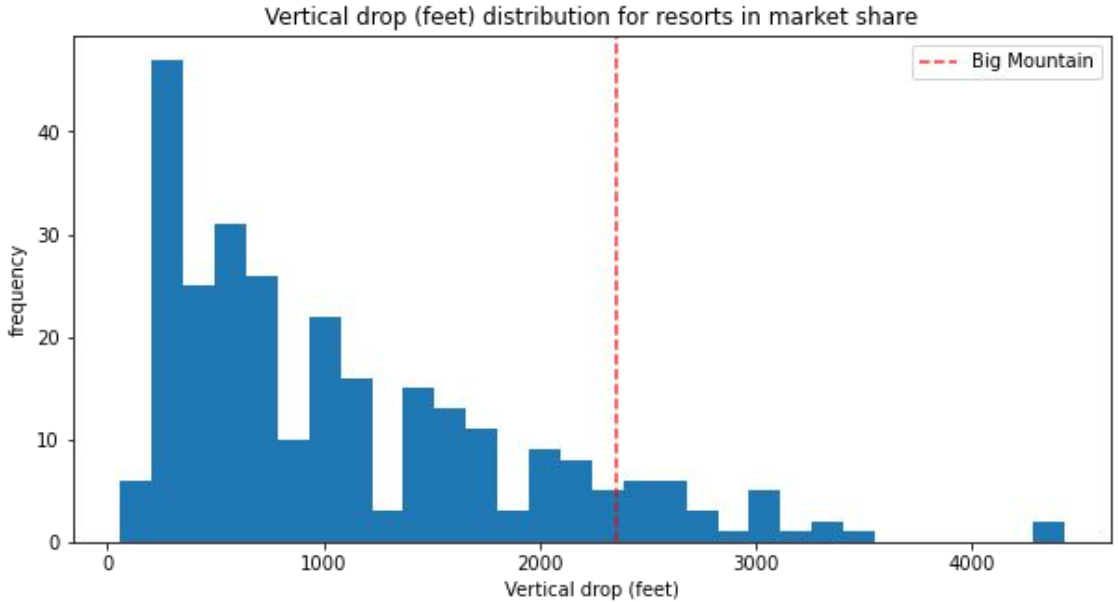
Ticket Price Drivers

Total Vertical Drop

The fourth key feature linked to ticket price was height of total vertical drop.

Big Mountain's positioning is shown to the right.

This linkage contributes to our finding that the contemplated extension of Big Mountain's total vertical drop would support a roughly $2 price increase.



Conclusion

As illustrated on the previous slides, Big Mountain compares above most other resorts on key features linked to ticket price. This suggests Big Mountain should be able to charge more than its current pricing strategy of charging near the average price for other resorts.

Increasing price at this time should increase revenues, which would be particularly beneficial in the context of increasing operating expenses.

Run closures or the addition of a new run reaching a lower point in the resort may further expand profit margins, pending an analysis of the costs of these changes relative to the modeled impact on revenue.

Importantly, our modeling has not considered visitor data (visitor volume, visitor profile, etc.) or operating cost information for Big Mountain or the other resorts, so further validation against these factors is warranted, whether via business judgment or additional data.