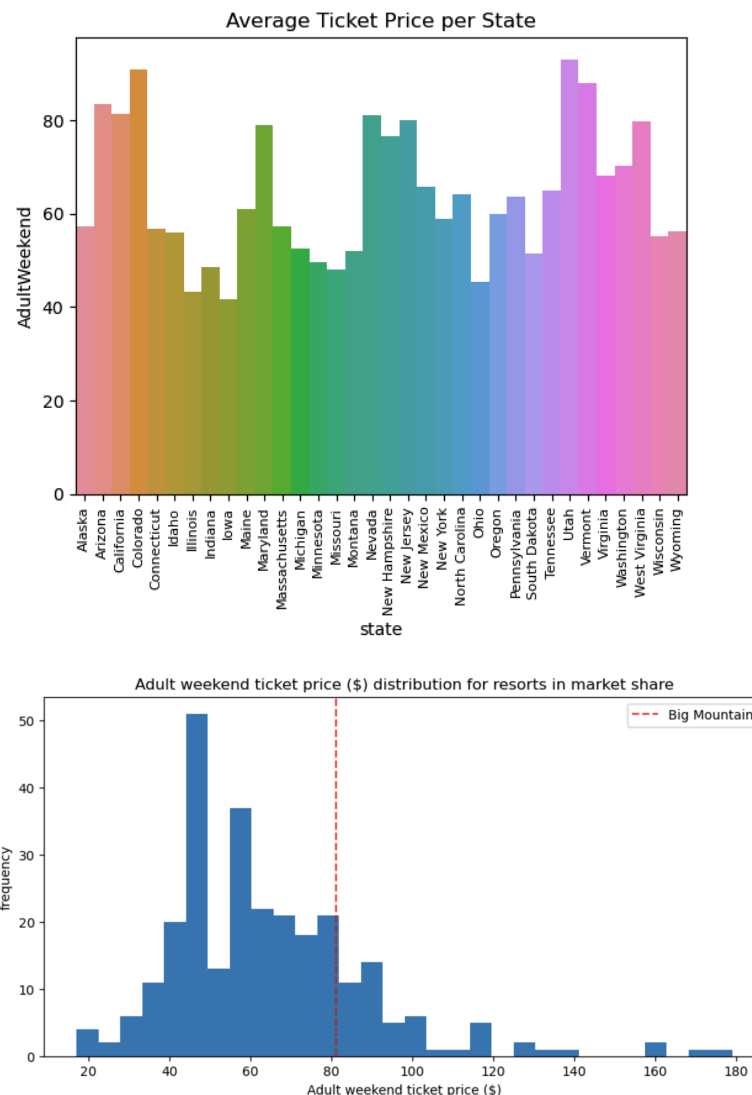


Big Sky Resort Project Report

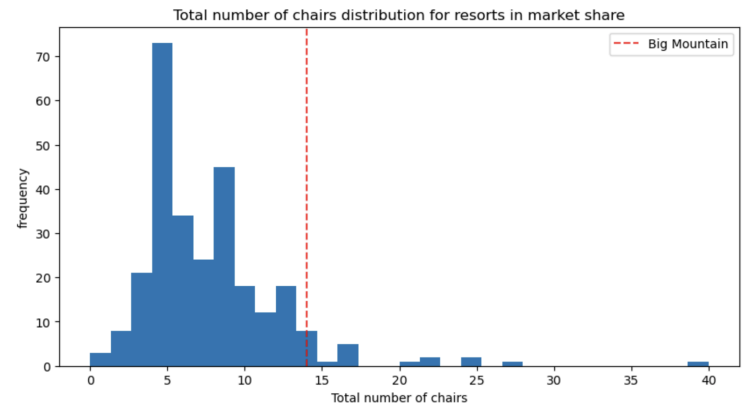
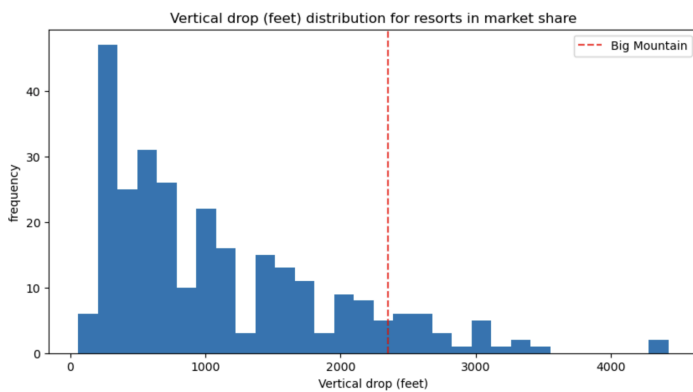
Big Mountain added a new ski lift to its facilities, where it has 105 trails with 11 ski lifts. The newest ski lift adds \$1,540,000 of operating costs to the overall operating costs for the season. Big Mountain currently charges \$81.00 for one ticket and expects roughly 350,000 attendees each year. On average, each person buys 5 tickets. Big Mountain Resort is looking for opportunities to increase profit margins and offset the additional operational cost of \$1,540,000 from the new chair lift by the start of FY25.

By raising ticket prices by \$1.99, Big Mountain would accrue \$3,474,638 in additional revenue from ticket sales alone, which is more than double the operational costs of the new lift.

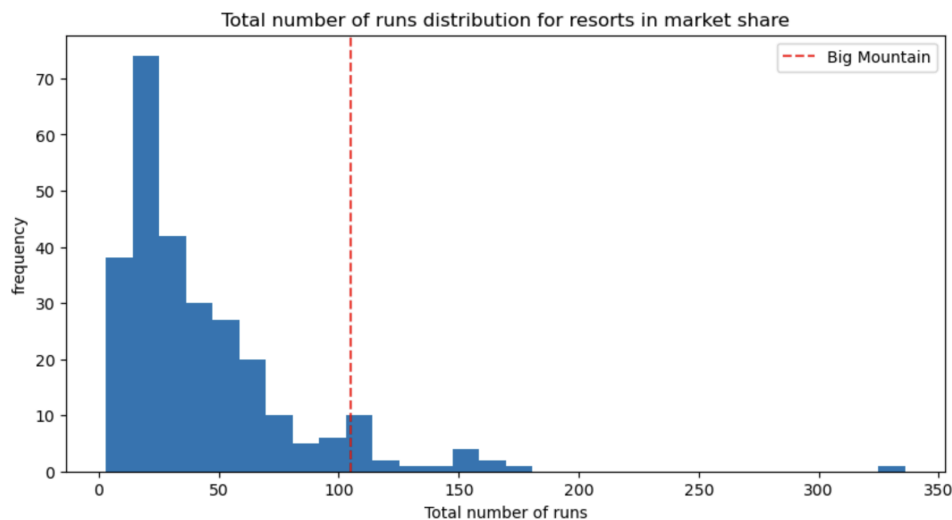


“Average Ticket Price per State” depicts the average ticket price for each state, and “Adult weekend ticket price distribution for resorts in market share” compares the frequency of ticket prices for all resorts and plots Big Mountain ticket value on the distribution. Big Mountain’s current ticket price of \$81 is above the national average, and it is significantly higher than

Montana's average ticket price of roughly \$50. However, ticket price is strongly correlated with the following features: number of fast quads, number of runs, area covered by snow making, total number of chairs, and vertical drop.



As shown in the graph, “Vertical drop (feet) distribution for resorts in market share”, above, Big Mountain has a higher vertical drop than most other resorts, but many resorts have higher vertical drops. Big Mountain has significantly more acres covered by snow makers than the majority of the resorts, with very few resorts having more than 600 acres. As the graph of total number of chairs shows above, Big Mountain has more ski lifts than most resorts, and the few resorts with more chairs are outliers. While Big Mountain has three fast quads, most resorts have none, and those with more than three fast quads are rare. Lastly, as shown in the graph below, Big Mountain has more runs than most resorts, but there are a few resorts with more runs.



Big Mountain can outperform its competitors by adding an additional run, increasing the vertical drop by 150 ft, and installing an additional chair lift. Adding these features will push Big Mountain further along each of the aforementioned league tables and will justify raising ticket prices by \$1.99. By raising ticket prices from \$81 to \$82.99, the additional operational cost of \$1,540,000 will be covered by roughly 3711 people, assuming each person buys five tickets. Big Mountain predicts roughly 340,000 people will visit the resort this year for about five days, so the expected revenue from ticket sales will be about \$141,083,000.