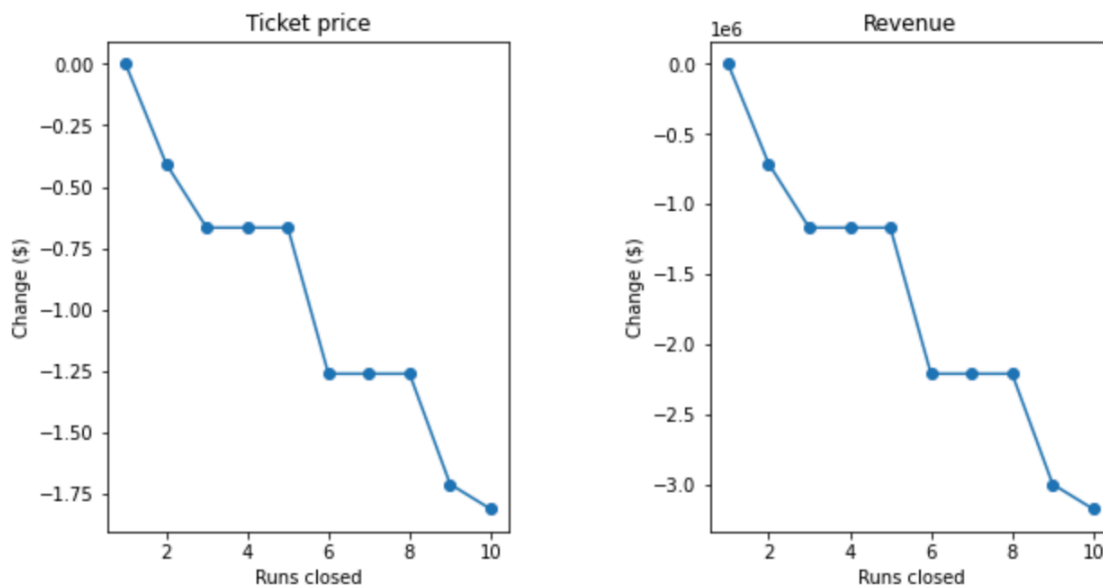


After performing modeling on the data provided, it is apparent that Big Mountain is charging below the expected price that similar ski resorts with similar features would. The mean price that they should be charging was determined to be \$95.87, which is almost \$15 above the current price of \$81.

There are some important things to consider in regards to this projection and its usefulness in accurately predicting appropriate prices. Most importantly, the conclusions drawn were based on the data of other ski resorts that had their adult weekend pricing data available. This analysis assumes that each of these ski resorts is appropriately pricing their lift tickets, which is a radical assumption to make. It is impossible to say how much this would throw off the results, but it surely has some effect on the findings.

After reviewing the four action plans presented by the business leadership and putting these adjustments into the model, positive conclusions were drawn about two such scenarios. The first scenario involved permanently closing up to 10 runs to save snowmaking costs. Below, there are two figures that display ticket price and revenue changes with each subsequent run closure.



According to the figures, there are certain thresholds where reducing one more run would not effect the need for a pricing decrease at all. If the executive team were to implement a reduction in number of runs, then it would be advised to reduce 1 run, 5 runs, or 8 runs, to maximize return based on how much closure they were willing to implement.

The other proposal that produced positive outcomes was to add an additional run, increasing the vertical drop by 150 feet, and installing an additional chairlift. After running these numbers into the data, the improvements warranted a \$1.99 increase in ticket price, which would amount to an additional \$3,474,638 in revenue for the resort. It is worth mentioning that the other two proposed plans simply had no effect on the price data, so they were deemed to be ineffective.

In conclusion, it is my recommendation that the Big Mountain business leadership team must take one of three actions in regards to ticket pricing. The first would be to do nothing but raise ticket prices closer to the expected cost of \$95.87. The second action would be to remove some number of runs so as to lower the expected cost of the lift ticket. This would still warrant a price increase but not as steep as if no action were taken. The final approach would be to implement the second plan and demand a further increase in ticket price by \$1.99. The second and third proposals could be implemented simultaneously to effectively balance out the cost difference, but that decision is up to the business leadership team. Ultimately, a price increase is surely justified, but to what extent is based on the investment that is willing to be made into the mountain itself.