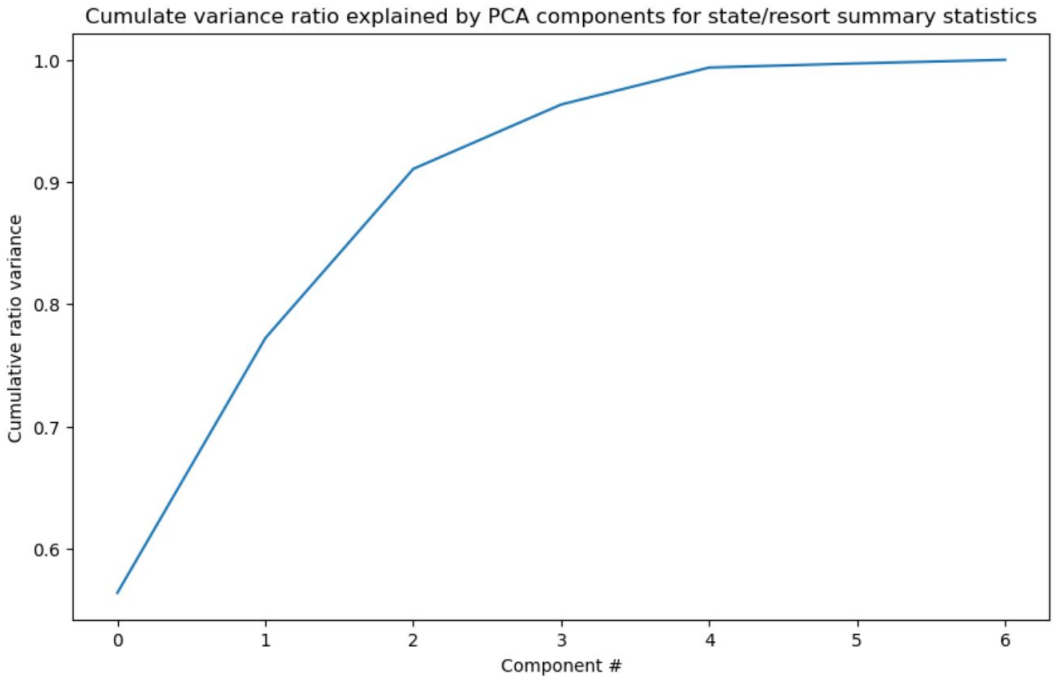
Big Mountain Ski Resort Pricing Proposal

Problem Identification

- Additional cost of additional chair lift: $1,540,000/season
- **Objective:** increase revenue by the end of the season via:
  - Optimizing facilities offered to improve ticket value
  - Cutting costs without decreasing value
  - Making other changes to support higher ticket prices

Key Findings

- Features that account for 95% of pricing:
  - Fast quads
  - Runs
  - Snow making area coverage
  - Vertical drop



Modeling Results and Analysis

- Current price: $81.00
- Minimum increase in price must be $0.88 to account for additional chair lift
- Suggested ticket price from modeling: $102.18 +/- $10
    - Big Mountain is the most expensive ski resort in Montana. Customers that are price conscious would frequent more economical resorts. Big Mountain can justify the higher price by explaining the addition of an additional chair lift and other changes to improve the value of the ticket.

Modeling Results and Analysis: Scenario Modeling

- Permanently closing down up to 10 of the least used runs → drop in price
- Increase the longest run by 0.2 mile to boast 3.5 miles length, requiring an additional snow making coverage of 4 acres → not significant

Modeling Results and Analysis: Scenario Modeling & Future Analysis

- Increase the vertical drop by adding a run to a point 150 feet lower down → $1.5 increase in price minus cost of additional lift = $0.62 net increase
- Same as above, but adding 2 acres of snow making coverage → not significant
- Model can be used to predict price changes for additional scenarios not covered in this presentation

Conclusion

- Current price: $81.00
- Minimum increase in price must be $0.88
- Suggested ticket price: $102.18 +/- $10