

# Big Mountain Resort

## New profit initiative

# Where are we now?

- Big Mountain Resort has recently installed a new chair lift, increasing operating costs by \$1,540,000 for the season.
- Ticket prices are the same for weekdays and weekends

# What can we do?

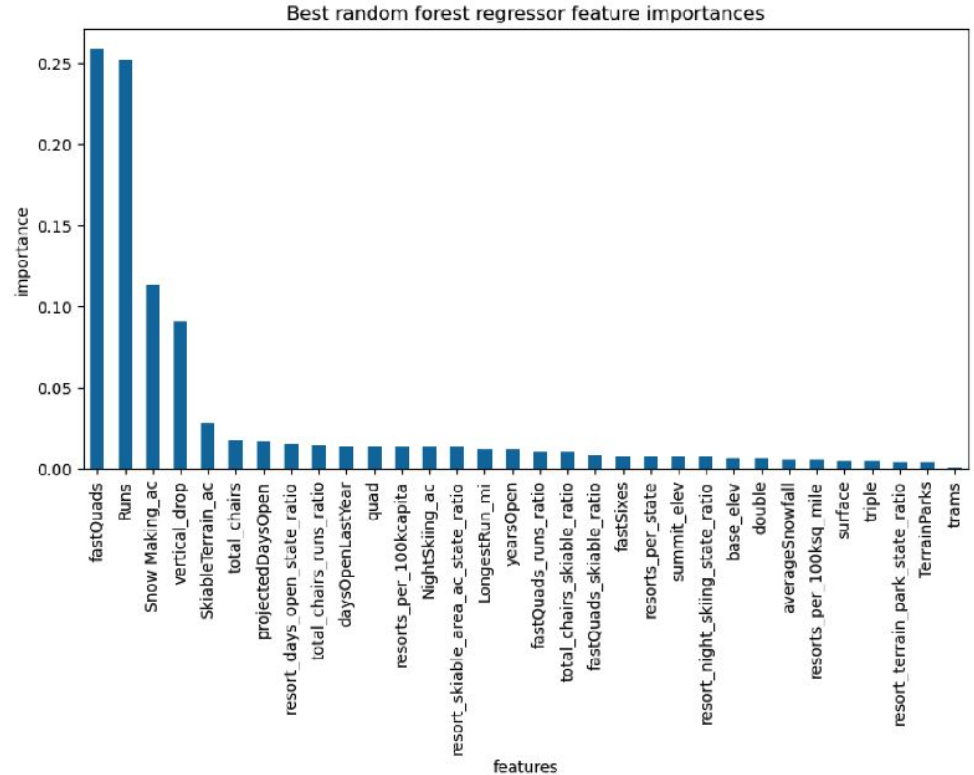
- Deprecate less valuable facilities
- Increase ticket prices
- HOW can Big Mountain Resort increase revenue this year by cutting operation costs or implementing new luxury accommodations to justify higher ticket prices?

# What SHOULD we do?

- Adult Weekend ticket prices should be increased
  - Ski resorts in other states typically have more expensive weekend tickets compared to their weekday ticket prices
  - The model suggests a price of \$95.87 - approximately an 18% increase from the current price, \$81
- Up to 5 runs could be shut down
  - The model does not predict a significant decrease in revenue until 6 runs are closed
- Add a new run to increase the total vertical drop, and purchase a new chair lift for the run
  - Increasing the vertical drop by 150 feet and adding a new chair lift supports an increase in ticket price by \$1.99, which translates to \$3,474,638 more in profit for the season

# What are the most important features to focus on?

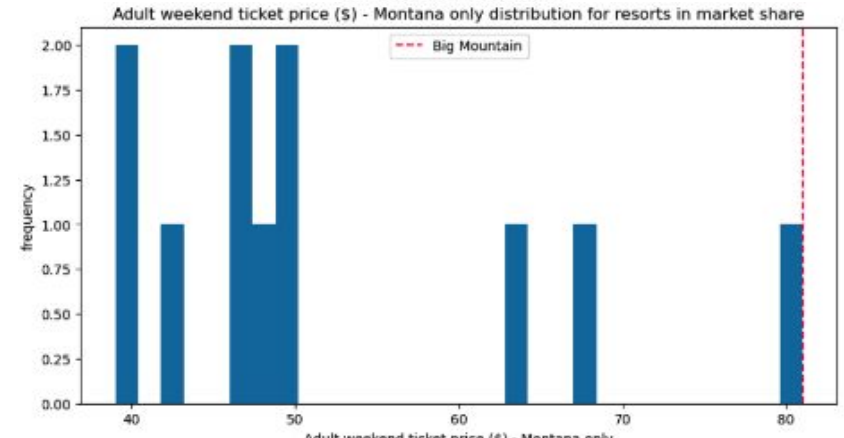
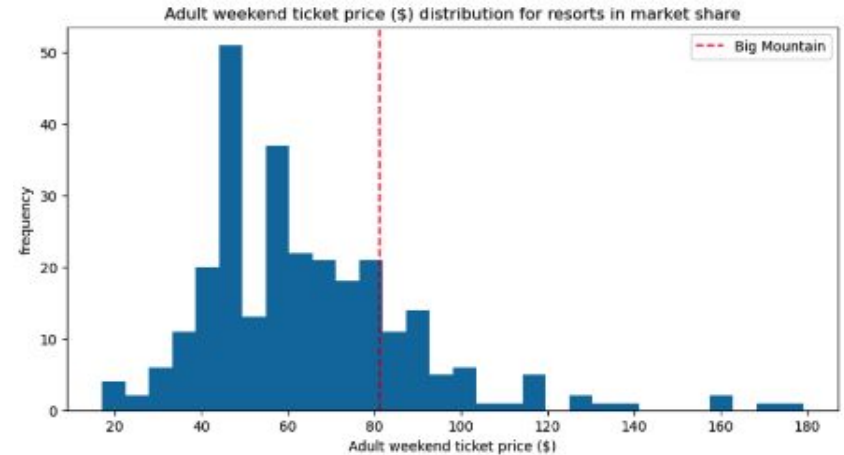
Based on the random forest model, Fast quads, runs, acres of snowmaking, and vertical drop are the most valuable features in determining ticket price.



# Where does Big Mountain fit in?

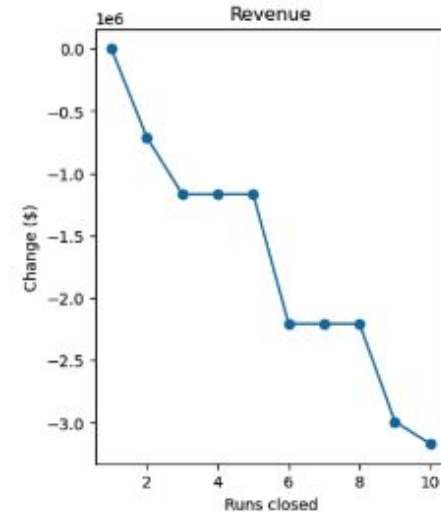
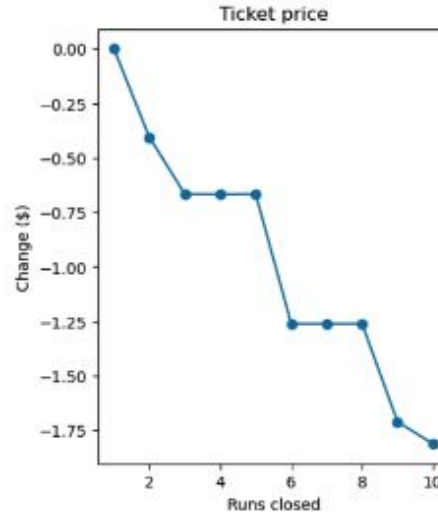
Compared to other states, Big Mountain's Adult Weekend price sits near the middle of the distribution.

Comparing just to other resorts in Montana, it is at the top of the range.



# How many runs can Big Mountain afford to close?

If Big Mountain closed one run, the model suggests there will be no necessary change for ticket price and therefore no change in revenue. Closing 2 runs would cause a bit of a drop, but closing 3, 4, or 5 runs would justify the same (slightly larger) decrease. Closing 6 runs would cause a bit of a drop, but closing 7, 8, or 9 runs would justify the same (slightly larger) decrease. Closing 10 runs would cause a bit of a drop, but closing 11, 12, or 13 runs would justify the same (slightly larger) decrease.



# Conclusion

- Adult weekend ticket prices can justifiably be increased ~18% from \$81 to \$95.
  - This is high for just the state of Montana, but other states tend to have higher weekend prices than weekday prices
- A new run, increasing the total vertical drop, and a new chair lift, should be implemented
- Anywhere from 1 to 5 chair lifts could be closed without significantly affecting revenue
- Lodging, amenities, employee salaries, and rentals should be among the non-technical operations that are worth investigating next