



BIG MOUNTAIN RESORT – PRICING & PROFITABILITY STRATEGY

2020



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I. EXECUTIVE SUMMARY

Montana based Big Mountain Resort is presently examining its' pricing strategy going forward. This project aims to examine build predictive models, generate insights to support the Resort's future pricing strategy, with an objective to improve overall profitability of the resort.

II. PROJECT OBJECTIVES & METHODOLOGY



Project Objectives

- To set the 2021 ticket price strategy for Big Mount Resort
- Identify potential cost cutting options without undermining ticket price
- Identify evidence which supports a higher ticket price
- Improve overall profitability for the Resort



Project Methodology

- Leveraging database with 330 US resorts, classified as having the same market segment with Big Mountain Resort, build predictive models and advise on ticket price
- Build other scenarios via interviews with senior management, model the impact and provide recommendations



Criteria of Success

- **Increase overall profit by >10% in 2021 financial year**
- **Delivere >5% of cost savings without impacting ticket price**

III. ANALYSIS & FINDINGS



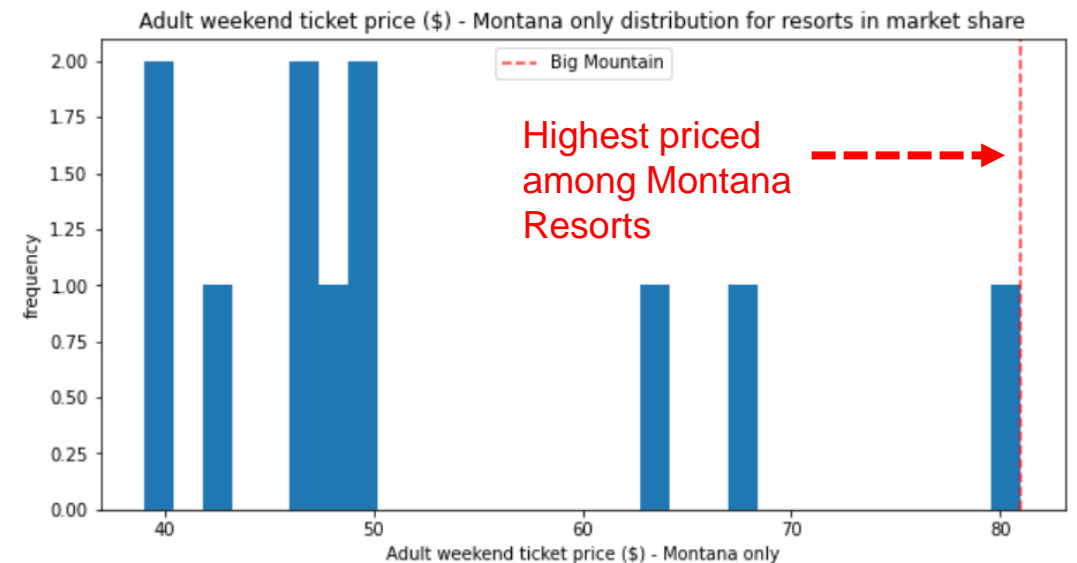
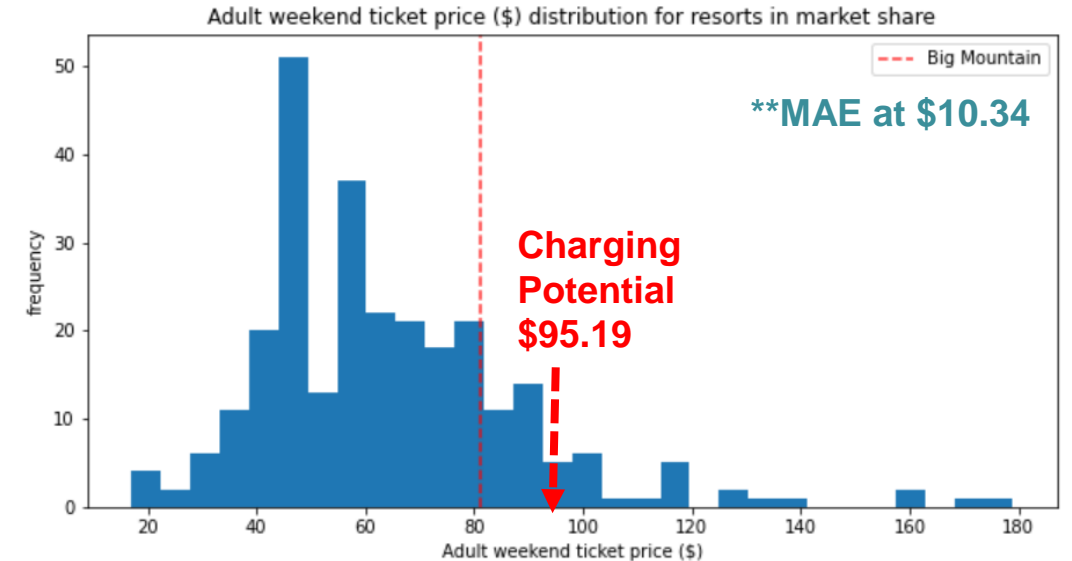
Current Ticket Price: \$81



Key Findings

1. **Ticket price charging potential at \$95.19**, based on the resort's existing facilities
2. **A \$4.4 dollar increase in ticket price** will offset the \$1.54 million increase in operating costs
3. Big Mountain Resort's features and facilities are ranking favorably among resorts in the same market segment
4. Among resorts in Montana though, Big Mountain's ticket price belongs to the highest end

*** Detailed features/ facilities benchmarking data are in the appendixes*

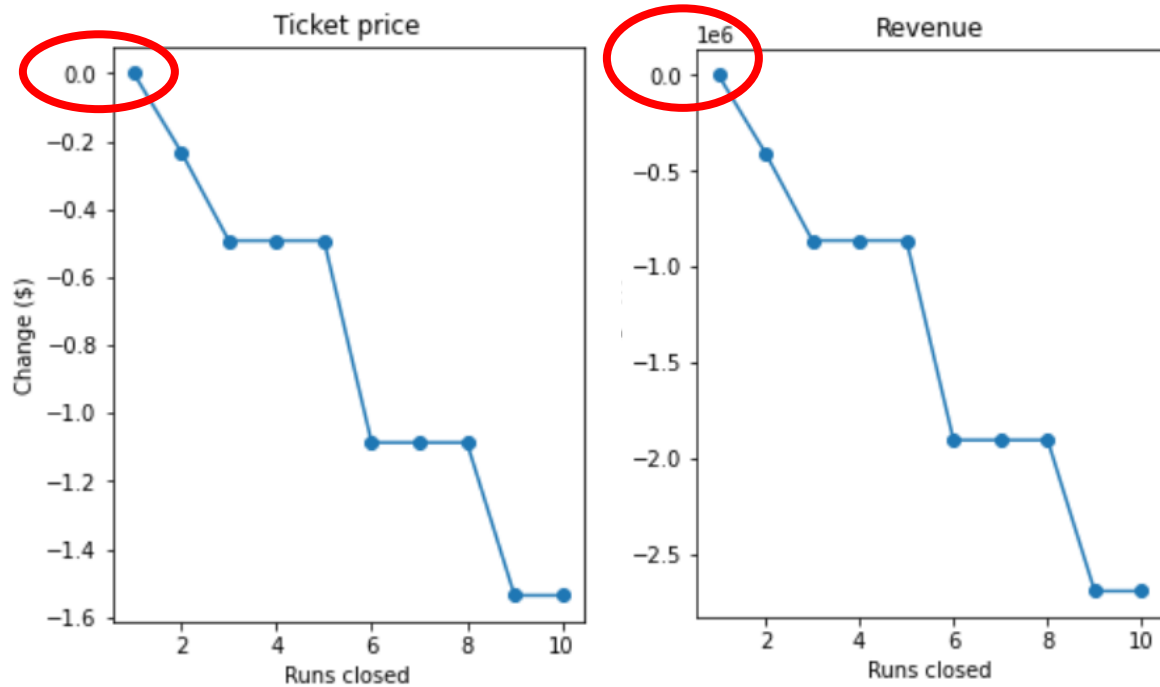


III. ANALYSIS & FINDINGS



Modelling other profitability improvement scenarios – The Viable Options

1. Closing down 1 run with no impact to existing profitability



2. Increase Vertical Drop adding a run to a point 150 feet lower



- Ticket Price upside potential: \$1.99
- Revenue upside potential: \$3.4 million p.a.
- Incremental CAPEX – requires further study
- Alternative modelling also done on both increase vertical drop and snow making acres, no significant impact generated

IV. RECOMMENDATIONS



Recommendations (Short Term)

- Implement the \$4.4 adjustment (up) on ticket price to offset \$1.54 million increase in operating costs
- Evaluate cost saving generated by closing 1 run without impacting overall profitability

Recommendations (Long Term)

- Evaluate CAPEX requirement to increase vertical drop by adding a run to a point 150 feet lower, formulate business case/ ROI for the project

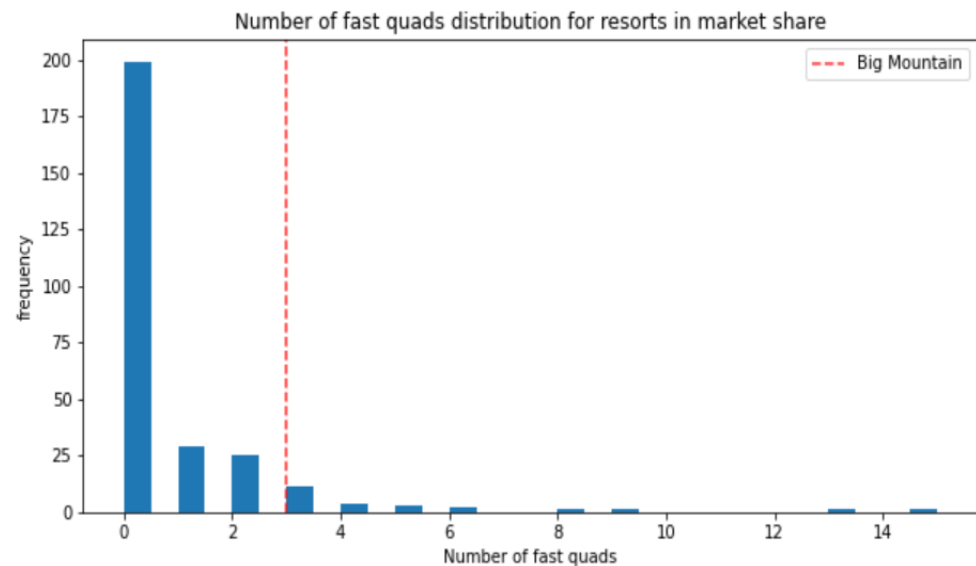
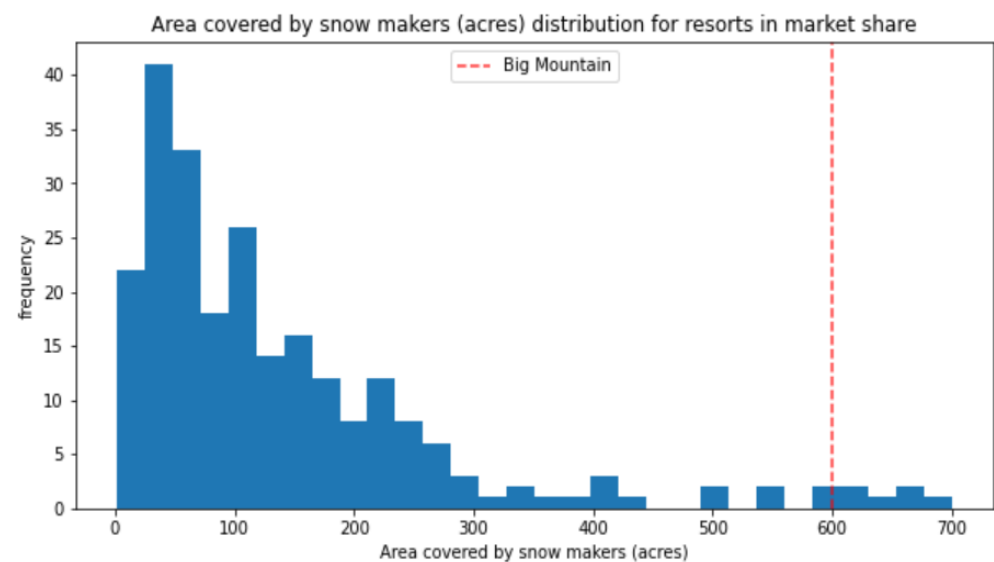
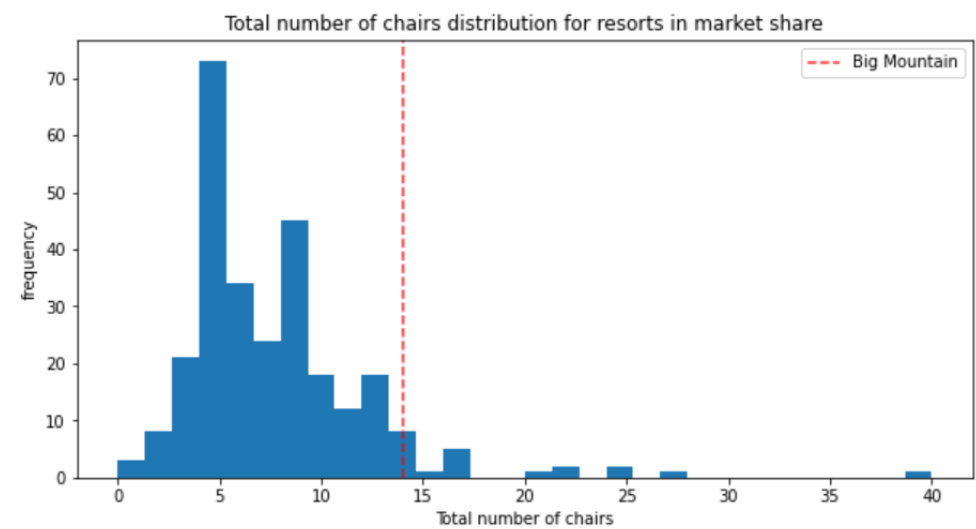
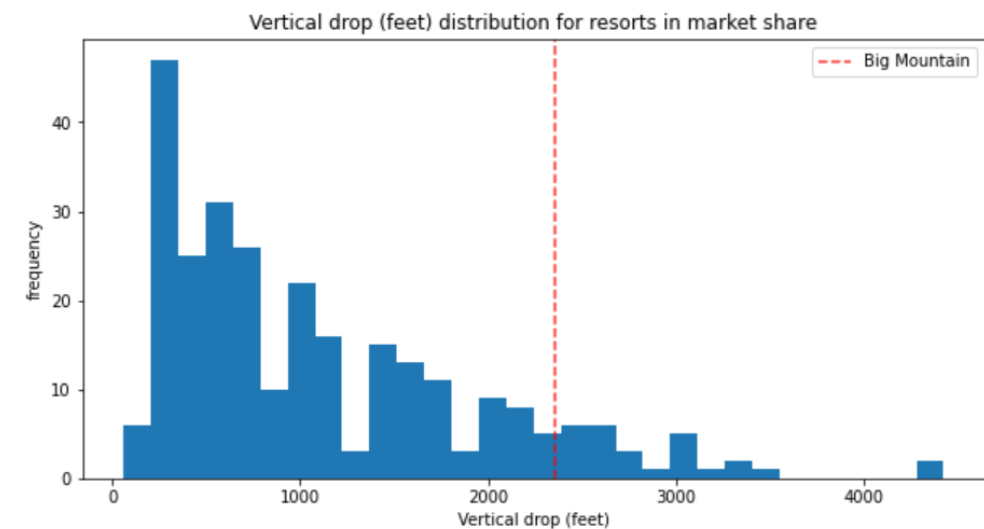


Follow-up Actions

- Cross-validate findings with other business units
- CAPEX assessment
- Marketing to follow-up on customer profile/ other pricing strategy in the market
- Re-group & formulate final response to executive committee

V. APPENDIXES

– *Benchmarking features & facilities against other US resorts in the same market segment*



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