Big Mountain Resort

Revenue Strategy for New Chairlift

The Challenge

New chairlift installation has increased annual operating costs by \$1.54 million

- Need to identify optimal strategy to cover this expense while:
 - Maintaining resort value
 - Preserving customer satisfaction
 - Ensuring competitive market position

Options:

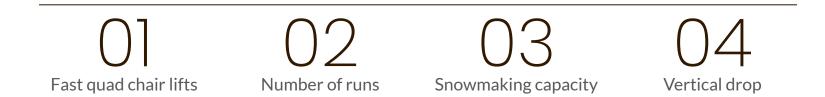
- 1. Increase ticket prices
- 2. Improve facility utilization
- 3. Reduce operating costs elsewhere

Data Analysis Approach

- Analyzed comprehensive dataset of 330 U.S. ski resorts
- Focused on 277 resorts with complete pricing data
- Verified outliers through external research
- Established baseline using average adult weekend ticket prices
- Developed predictive models to identify key price drivers



Key Resort Features Driving Ticket Prices



^{*}Big Mountain ranks in the higher range for these premium features*

Scenario Analysis: Revenue Options

Scenario 1: Cost Reduction

- Close 5 existing runs
- If operating costs exceed \$1.2M, could achieve net savings
- Model suggests ticket price decrease of \$0.67
- Limitations: Potentially reduces customer experience

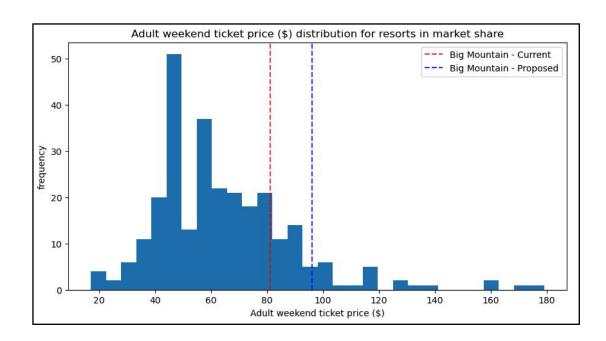
Scenario 2: Leverage New Investment

- Add 1 run and extend vertical drop by 150 feet
- Increase ticket price by \$2.00
- Generate \$3.5M in additional revenue
- Benefits: Enhances customer experience while covering costs

Model Price Prediction vs. Current Price

- Current ticket price: \$81
- Model-predicted optimal price range: \$85-\$106
- Recommended price: \$96

Our pricing recommendation aligns with Big Mountain's premium features while remaining competitive



Recommendation & Key Findings

<u>Implement Scenario 2:</u> Leverage new chairlift to add one run and extend vertical drop by 150 feet, enabling a \$2.00 ticket price increase

Key Benefits:

- Generates \$3.5 million in additional seasonal revenue
- More than covers the \$1.54 million cost increase
- Aligns with Big Mountain's premium market position
- Enhances guest experience through expanded terrain

Summary & Next Steps

Next Steps:

- 1. Review historical pricing decisions and market expectations
- 2. Analyze customer response to price adjustments
- 3. Compare operating costs to similar resorts
- 4. Develop implementation timeline

Recommendation:

Implement Scenario 2 with a \$2.00 ticket price increase to leverage new chairlift investment

Expected Outcome:

Full coverage of chairlift costs while enhancing resort value and guest experience