**Summary of Recommendations for Big Mountain Resort**

With the addition of this newly installed chair lift, Big Mountain Resort will be facing significantly increased operating costs this year of $1.54M. Our group has been tasked with conducting a study to determine operational changes that could be implemented which would increase revenue enough to offset these costs while maintaining our investors’ desired profit margin of 9.2%.

*After completing a thorough analysis of the ski resort competitive landscape, we recommend the best course of action to achieve the goal of higher revenues is to increase our ticket prices by roughly 6%*.

Our analysis shows that there are several key factors in determining lift ticket pricing. Some of the most significant factors are summit elevation, largest vertical drop, total number of chairs/lifts and longest ski run. Big Mountain Resort is very favorable positioned along each of these factors from a competitive standpoint, but our ticket pricing doesn’t fully account for these competitive advantages.

The rest of this summary report will examine each of these factors in more detail and explain how they support the decision to increase ticket prices.

**Summit Elevation and Ticket Pricing**

While many factors were predictive of ticket prices, one with the greatest influence was the elevation of a park’s summit. Closely related to this – and also quite influential in pricing – was another major feature: vertical drop, or the total vertical distance from top to bottom of a park. These two features correlated highly with ticket prices for a park.

A close up of a map

Description automatically generatedFortunately for Big Mountain Resort, our park matches up very well compared to other parks on both accounts. As Figure 1 illustrates, Blue Mountain (the blue dot in all figures), scores quite well in the summit elevation category. On the vertical drop feature our park really shines – for parks at our elevation, there are very few that have a drop at least as big as ours or bigger.

**Figure 1**

**Figure 2**

A close up of a piece of paper

Description automatically generatedHowever, based on these favorable park features, Big Mountain Resort appears to be significantly underpriced, relative to the competition. Figure 2 shows this as it relates to summit elevation, but a similar trend is evident when looking at pricing relative to vertical drop as well. There are many more parks priced higher than Big Mountain than there are with more advantageous features.

**Other Meaningful Pricing Factors**

Though summit elevation and vertical drop were two of the most significant features, there were many other as well. On most of these bases, Big Mountain Resort appears to be underpriced as well. Two additional features which illustrate this trend are the total length of a park’s longest ski run and the number of lifts available to service visitors. Both of these were also positively correlated with ticket prices. Of particular note in our case, since we just added a new lift, we have room to increase park ticket prices because of this additional lift.

A close up of a map

Description automatically generatedA screenshot of a cell phone

Description automatically generatedFigures 3 and 4 both demonstrate that, on both of these two metrics, Big Mountain Resort is well above most of the competition. However, our pricing, based on weekend adult ticket prices in the figures, is much closer to the middle of the competitive pack.

**Figure 3**

**Figure 4**

These are just a few specific examples of the meaningful factors related to pricing which indicate we have room to increase prices and still maintain our competitive position (i.e. not risk overpricing ourselves and losing customers because of it).

**Pricing Recommendation**

Though not an exhaustive report of our findings, this summary has highlighted some of the key findings that support our recommendation of increasing our ticket prices to increase revenues.

Specifically, based on our pricing model, Big Mountain adult weekend tickets should be nearly $85 while we are currently charging only $81 – a difference of nearly 6%. Closing this gap should be a significant boost to our overall revenues.