Background Info:

Big Mountain Resort has recently installed an additional chair lift increasing operating costs by $1.5M. The resort's pricing strategy has been to charge a premium above the average price of resorts in its market segment. Big Mountain is likely not capitalizing on its facilities effectively. The company needed guidance on selecting a better value for their ticket price, in addition to cutting costs.

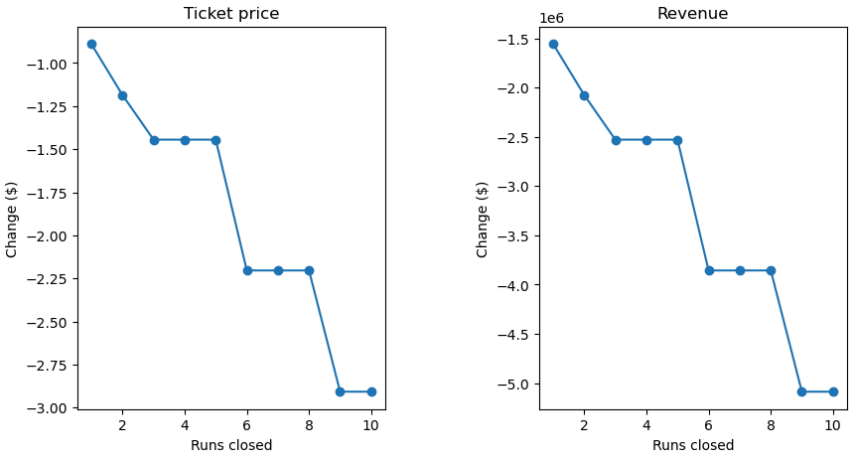
Problem Statement

What opportunities exist for Big Mountain Resort to maximize revenue without lowering the ticket price or supporting an even higher ticket price within the next year, through reducing runs, adding drops, adding snow making cover, or increasing run lengths?

The Resort proposed 4 scenarios to validate the ticket cost:

1. Permanently closing down up to 10 of the least used runs. This doesn't impact any other resort statistics.
2. Increase the vertical drop by adding a run to a point 150 feet lower down but requiring the installation of an additional chair lift to bring skiers back up, without additional snow making coverage
3. Same as number 2, but adding 2 acres of snow making cover
4. Increase the longest run by 0.2 mile to boast 3.5 miles length, requiring an additional snow making coverage of 4 acres

Scenario 1:



Tests showed price changes at closing 2, 3, 6, and 9 runs. The analysis shows that closing up to 5 runs will not cause any significant decrease in recommended ticket pricing, but any further closings would decrease the pricing too significantly.

Scenario 2: This scenario increased support for ticket price by 7 dollars. Over the season, this could be expected to amount to 12,250,324 dollars. It is recommended

Scenario 3: This scenario increased support for ticket price by 8.26 dollars, and over the season by 14,454,028 dollars (not much difference from scenario 2).

Scenario 4: Yielded no difference. This is not recommended.

Ultimately, closing 5 runs is a viable option, and no more than that. Adding a run, thus increasing the vertical drop by 150 feet, and installing an additional chair lift is recommended for significantly increasing ticket pricing. Adding 2 acres of snow cover could be beneficial or detrimental depending on the costs to implement. However, increasing the longest run by 0.2 miles is not recommended.

Ticket prices were the only variable that was modeled for and calculated. The next step would be calculating the appropriate costs for implementing the recommended scenarios. This mismatch would possibly come as a surprise to the executives unless there is an additional factor lowering the resort's price. Perhaps making the program easier to use would be helpful for business analysts.