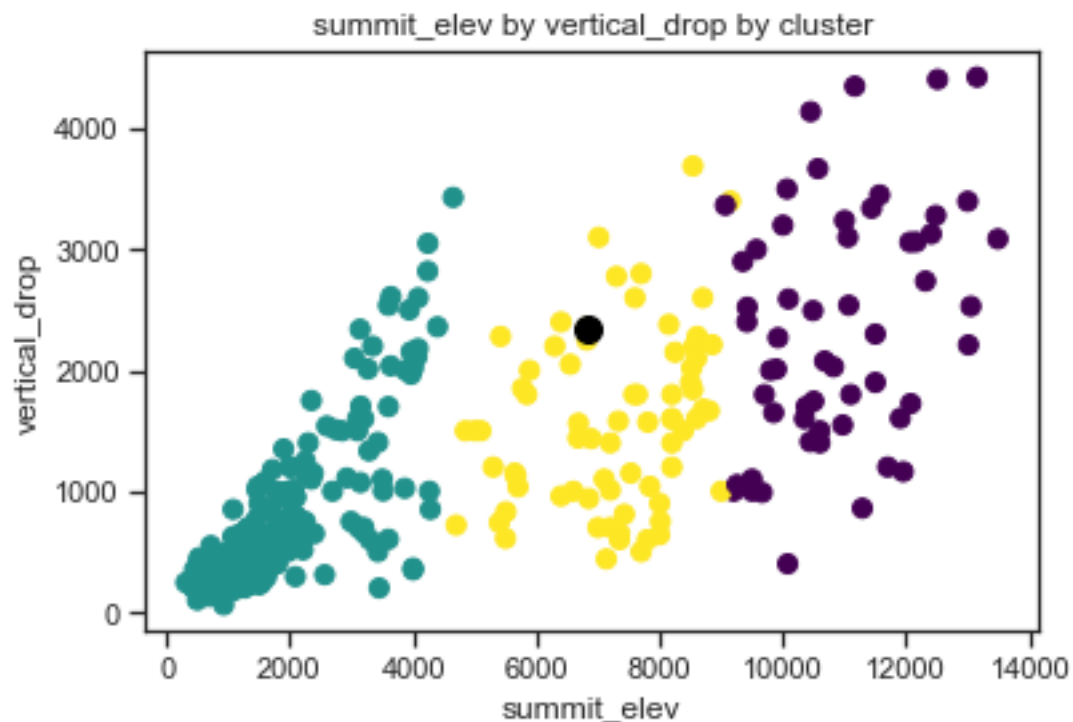


Big Mountain Resort Report

The data for this project revealed a lot of particularly useful information about the skiing market that our resort is in. Armed with this data, and the results of this project after utilizing techniques to evaluate this data, I believe that increasing our ticket prices is justifiable to offset the increased operational costs incurred by the new chair system while maintaining our profit ratio at its current levels.

State of the Current Market

There are currently three types of ski resorts in the current market (See Figure 1).

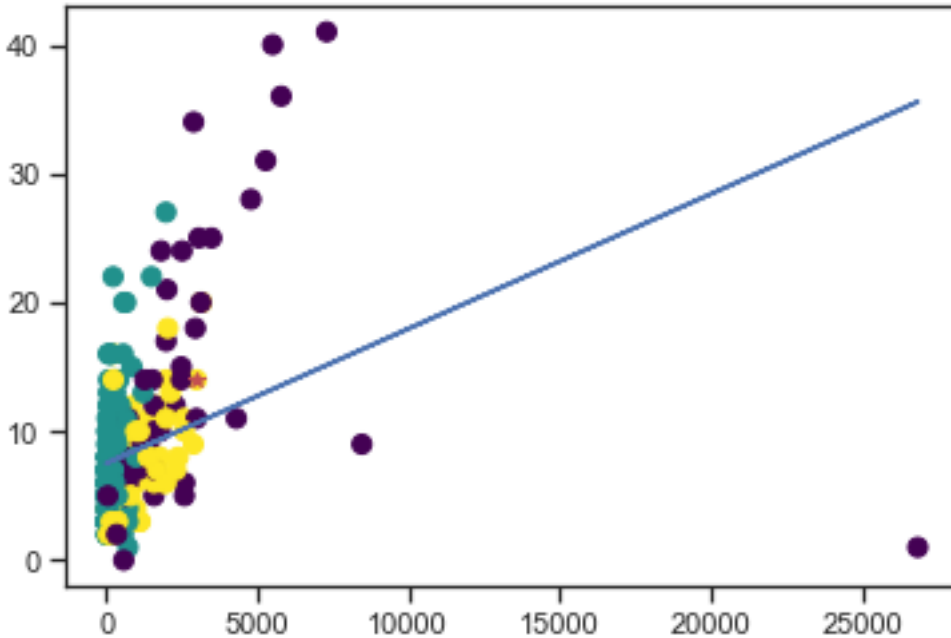


The first group (represented in green) are the budget resorts. These resorts have the shortest vertical drop as well as the shortest summit peak. This group most likely charges the lowest price of the three groups in our market because of the low area to maintain and they are likely to have the least amount of equipment. This group is more likely for families and inexperienced skiers. The third group (represented in purple) is likely aimed at the very experienced skier and the more affluent family. This group is likely to have a lot of amenities, such as a hotel, restaurants, high-end shops, and is more likely to have more activities, thus able to charge more money for their fees and equipment. Big Mountain Resort falls in the middle of these two groups (represented in yellow). This group is a median between the other two groups, with amenities of the high-end resorts with the prices of the low-end resorts.

Big Mountain's Niche

The mid-tier option in any business forces that business to develop a strong niche to attract customers. In Big Mountain's case, that niche is providing a comfortable skiing experience that is very exceptional. This means that Big Mountain must have plenty of resources for skiing for nighttime skiing

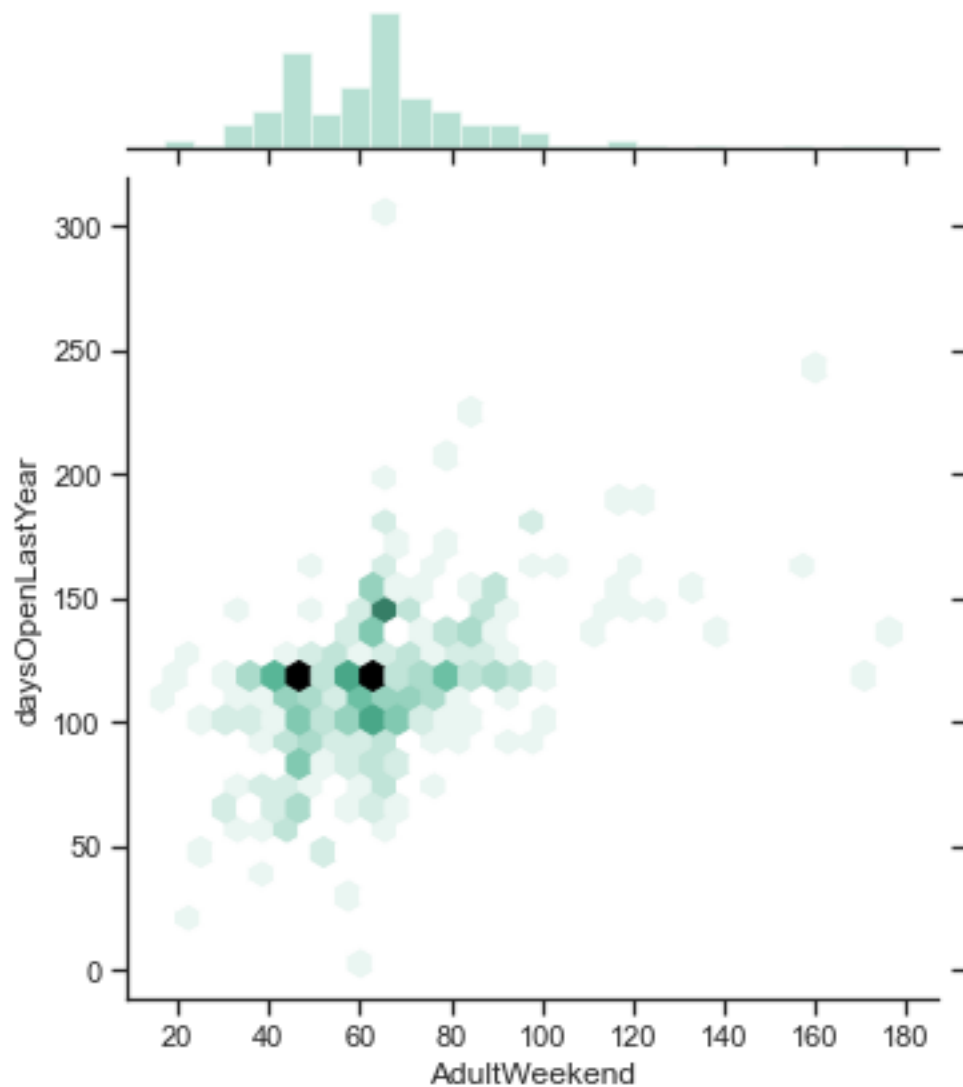
and less time waiting on lifts. In comparison with resorts in our group, we have a significant advantage in skiing area for nighttime skiers compared to our closest competition. With our investment in adding more ski lifts, we have improved our skiable area to total chair lifts ratio which will improve our customer experience. See Figure 2.



According to the above graph, our investment of more ski lift chairs has put us in the same territory as the larger ski resorts, which justifies a higher adult weekend ticket price.

Price Gap (How do we compare with other resorts?)

Big Mountain Resort is underpriced compared to our competing segment and underpriced against what our model predicted by \$7 per ticket. While some of this may be within the margin of error or error in the confidence of our model, the model in general is conservative. Under-priced resorts are shown below in Figure 3.



Currently, our adult weekday prices match our adult weekend prices, which results in lost income when the demand is extremely high. As shown in the figure above, Big Mountain is open for 150 days per year, which means that the resort loses money when demand for weekend skiing is extremely high. Since we are higher priced in our models, the true price is lower than what we should be charging on weekends. Therefore, *we are more than justified to increase our prices by up to \$8 per person for adult weekend tickets.*