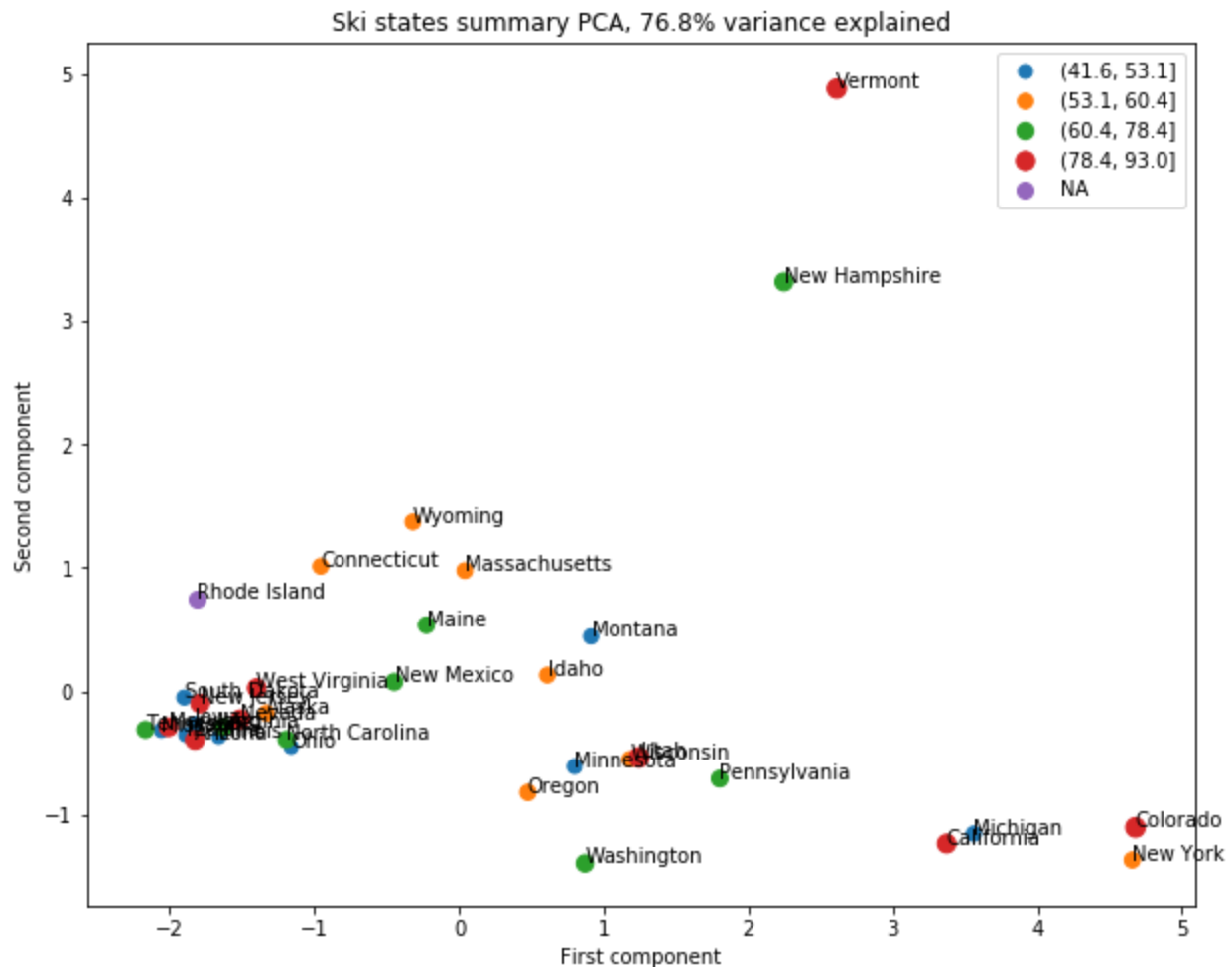


## Big Mountain Resort Report

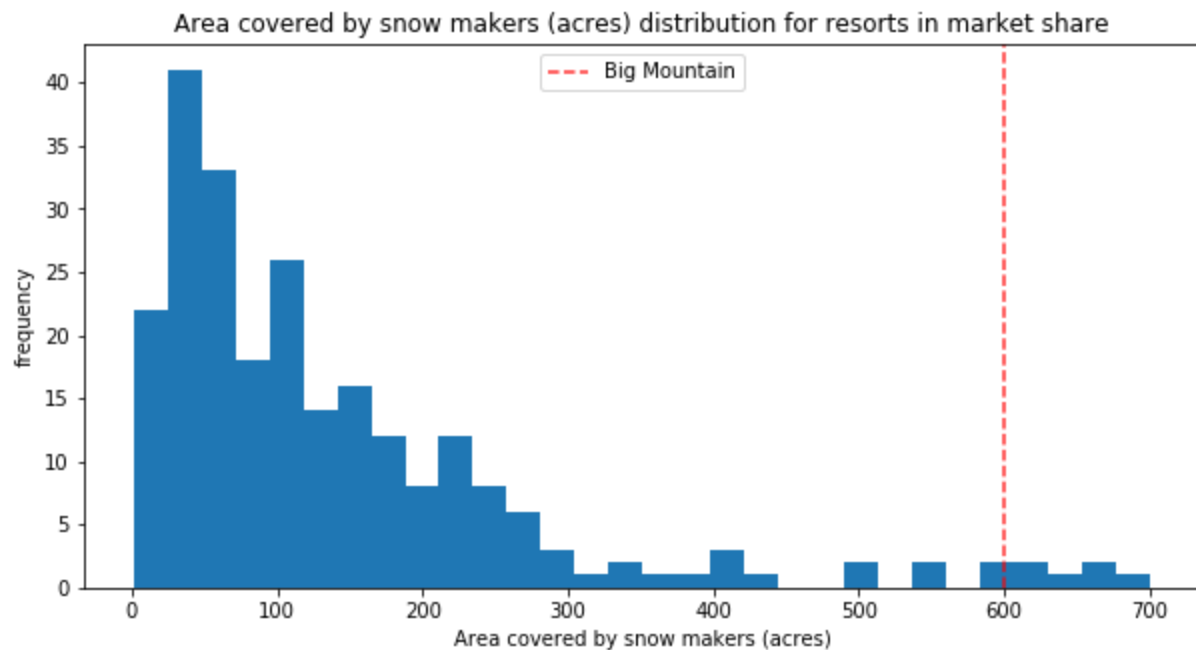
Big Mountain Resort is a ski resort in Montana. Each year about 350,000 people visit the resort. The resort recently added an additional chair lift, which increased operating costs by \$1,540,000 for the season. Traditionally, the resort has priced chair lift tickets by charging a premium over the average price in their market segment. Initially, I looked at the ticket price by state and see if there's any relation to the number of resorts in the state & skiing acreage. There wasn't any real grouping among pricing by state.



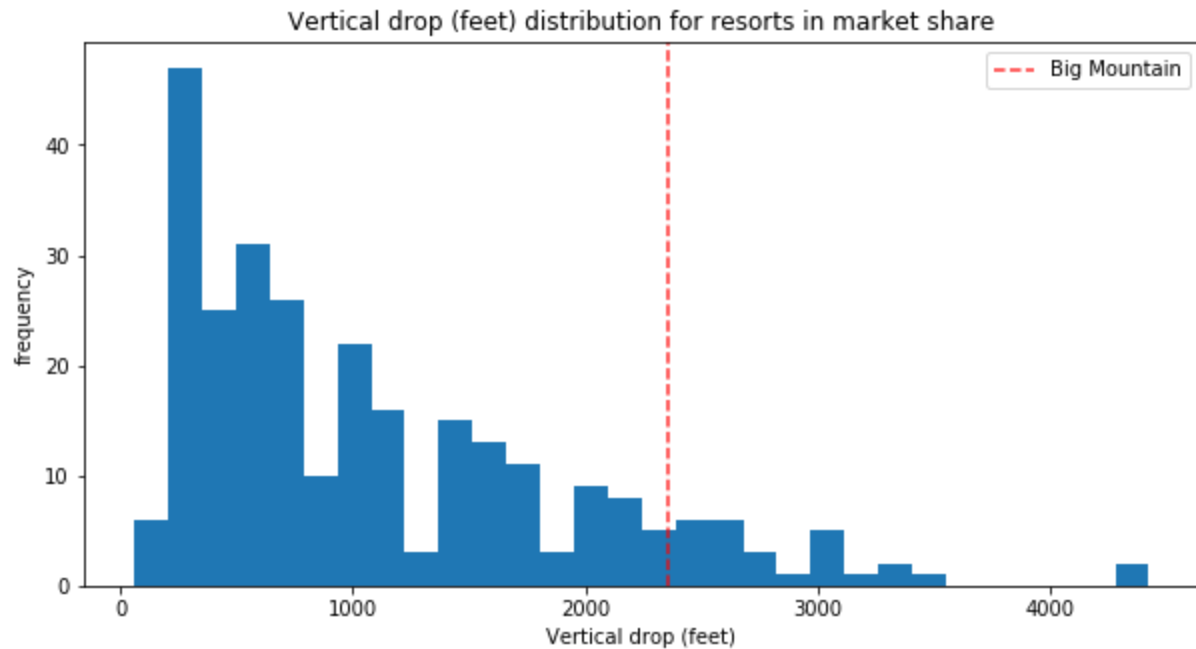
The grouping that does exist in the lower left hand corner spans across all ticket prices (quartiles), so there's something else beside the resort's location that's impacting prices.

From looking at all the available data, the adult weekend price was positively correlated to the vertical drop, number of fast quad chairs, the number of runs at a resort, the total acreage covered by snow making machines, and night time skiing availability within the state. Resorts that had more fast quad chairs, more runs, more total snow making acres and night time skiing were able to charge high ticket prices on the weekend.

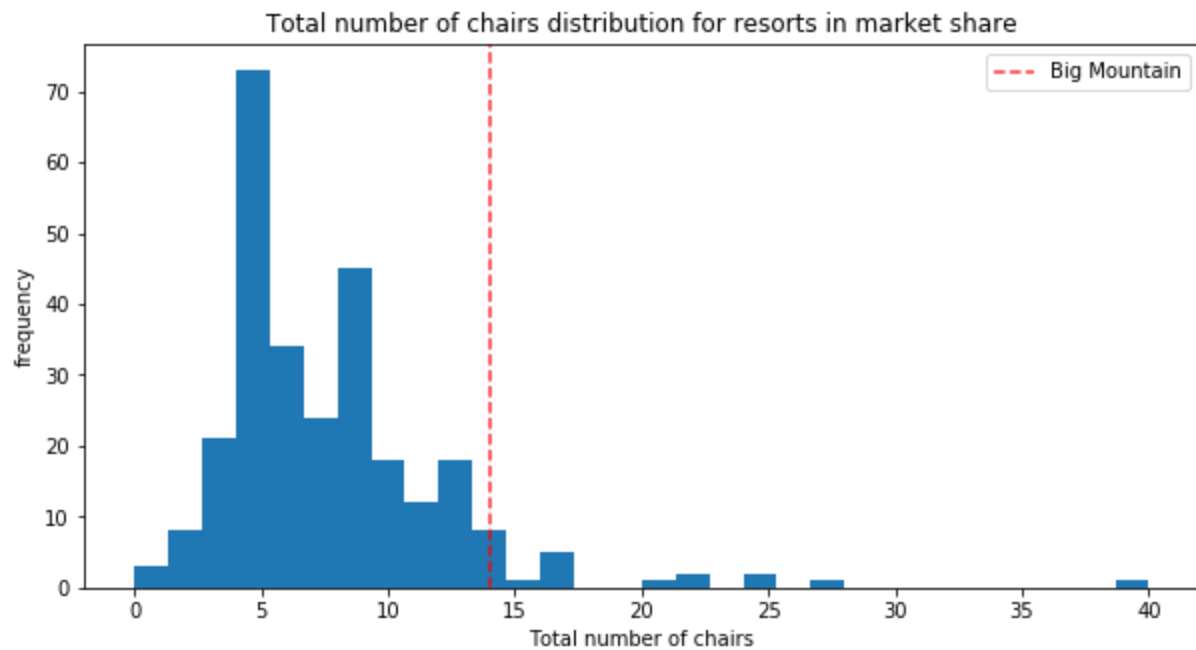
I looked further into how Big Mountain resort compared to other resorts for these key features. Big Mountain has some of the highest snow maker acres in the United States. For comparison, Big Mountain is denoted by the redline. The majority of the market has 300 or less acres, whereas Big Mountain stands out by having twice as much -- 600+ acres.



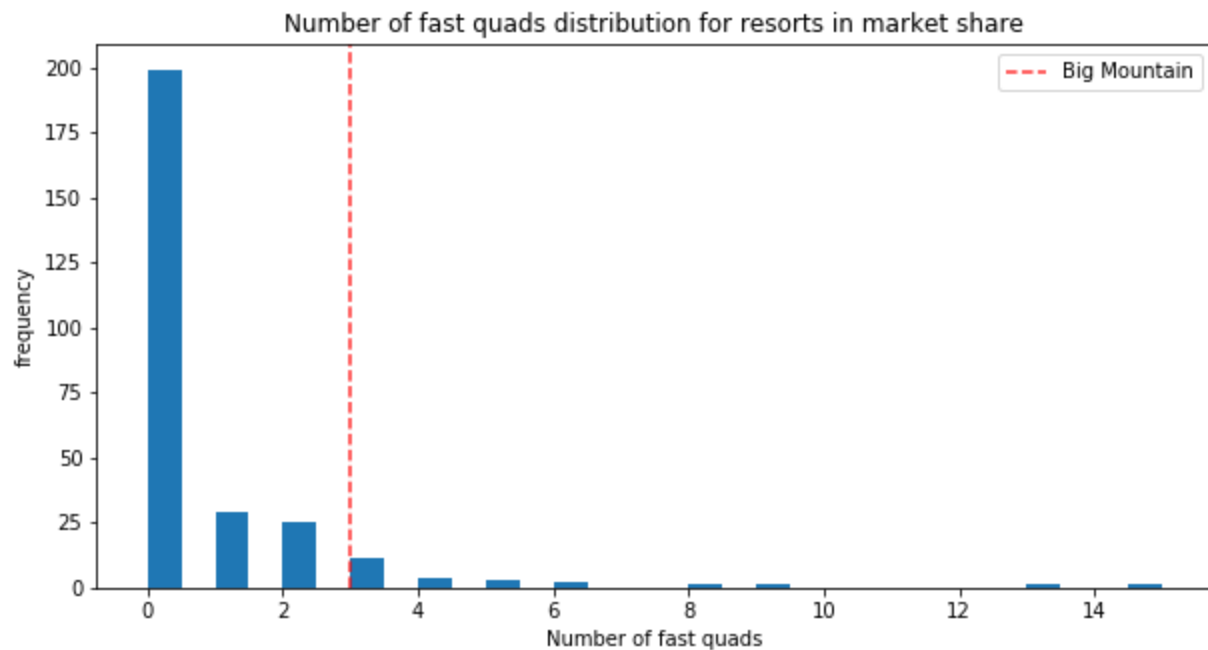
In addition, I compared the vertical drop at Big Mountain resort. The vertical drop is fairly high. There are a number of resorts with a higher vertical drop, but Big Mountain has a respectable vertical drop.



Big Mountain also had the highest number of total chairs.



Also, most resorts did not have any fast 4 person chairs. Big Mountain has 3, which ranks it high, compared to other resorts.



Using this information, I built a model to predict what could be an optimal ticket price based on the best characteristics of Big Mountain Resort.

The model found that closing 10 runs had a significant drop in revenue (-\$3,000,000). While closing 1 run had no effect on revenue, closing 3 runs did drop revenue, but closing 5 revenues causes no further loss in revenue. It may be ideal to close 5 runs, but it would depend on the increased savings from closing 5 runs.

I also looked at increasing the vertical drop by 150 feet and adding an additional chair lift. This scenario supported increasing a ticket price by \$1.99. Adding 2 acres of snow maker skiing, had no impact on increasing ticket price.

The best recommendation based on the available data is to increase the vertical drop by 150 feet at Big Mountain Resort and increase ticket pricing by \$1.99. This price increase would lead to an additional \$3.4 million in revenue.

While it may be possible to close sum runs down, additional data is needed. In particular, we'd need to know what are the savings from closing down each run.