Big Mountain Resort Capstone

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Problem Identification

Big Mountain Resort aims to improve its financial performance through two strategic paths:

Revenue Growth Opportunities

- Optimize ticket pricing using data-driven approach
- Infrastructure expansion considerations:
  - Additional runs
  - Vertical drop expansion
  - Lift system improvements

Cost Reduction Opportunities

- Evaluate run utilization and closure analysis
- Infrastructure maintenance cost

Key Findings

Price Optimization Strategy:

Current ticket price: **$81.00**
Model supported ticket price: **$95.87** (+/- $10.39)

Big Mountains strong market position of having:
- Above-average vertical drop (2,353ft)
- Terrain (3,000 acres)
- Lift infrastructure (15 chairs)

Supports an increase of ticket price generating **$5.2M** annually.

Infrastructure Impact:

- Adding 150ft vertical drop with new chairlift could support **$1.99** price increase
- Potential additional revenue: **$3.47M** annually (350,000 visitors × 5 days × $1.99)
- Lift capacity and vertical drop investments show higher revenue impact than adding runs alone

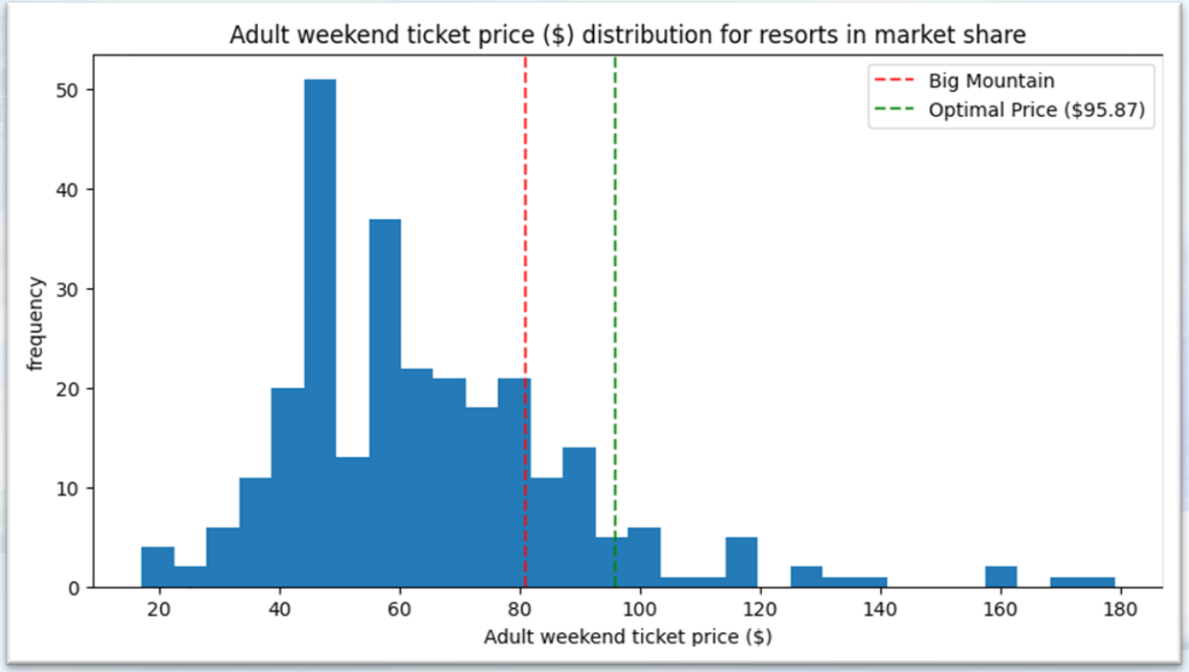
Run Management

Analysis shows closing 3-5 runs decreases ticket price by **$0.67** or less however, we lack critical data on:
- Maintenance costs per run
- Snowmaking costs per run
- Staff requirements per run
- Equipment costs per run

Further data needed from operations team to calculate total financial impact of run closures

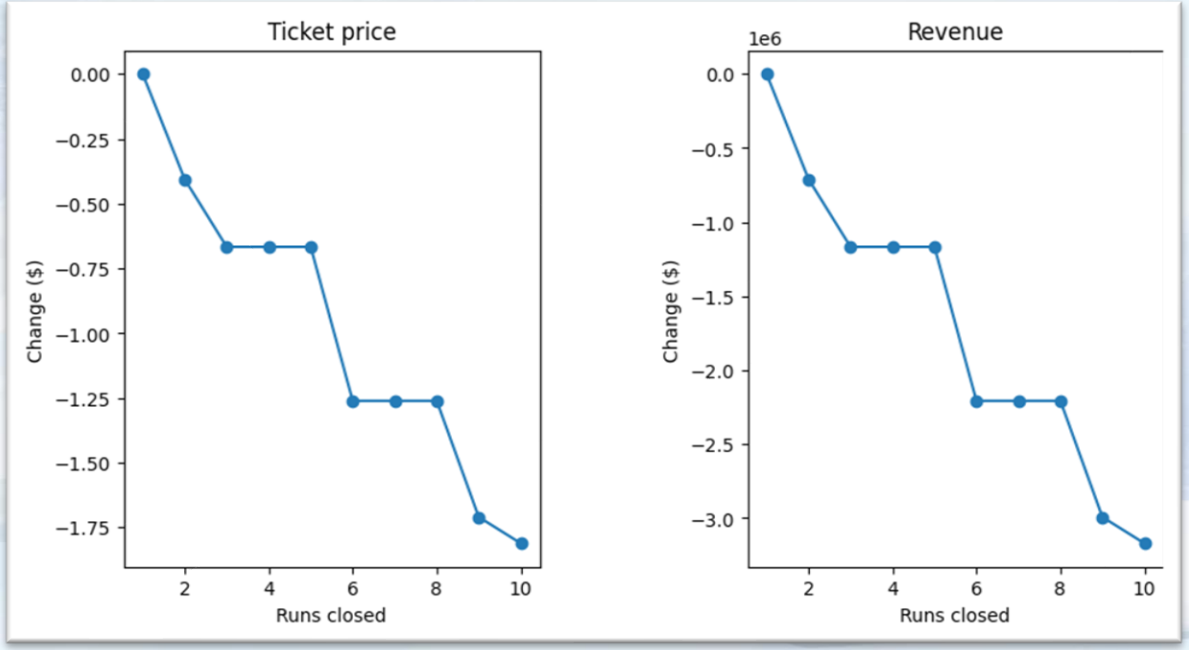
Modeling Results

Price Optimization Strategy: Through price optimization modeling, we determined that $95.87 would be the optimal price for Big Mountain, positioning them above the average market price but still within a competitive range.



Modeling Results

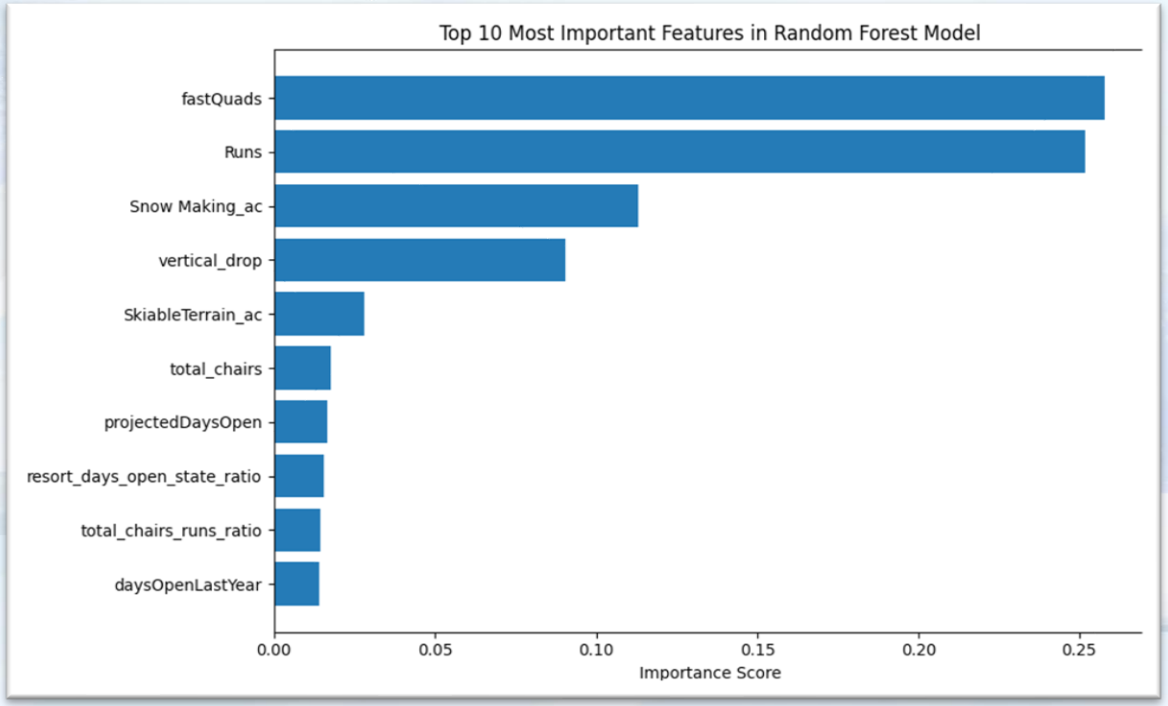
Run Management: Closing each additional ski run impacts ticket prices and total revenue, with a moderate decline between 3-5 runs (-$0.67 per run) before dropping more steeply after 6 runs



Modeling Results

Infrastructure Impact: Our model results support that infrastructure investments are among the top factors driving ticket prices, with the top 4 features being:

- High-speed lifts (fastQuads)
- Runs
- Snow making
- Vertical drop



Summary & Recommendations

Analysis Results

- Model suggests optimal price of $95.87 (±$10.39), indicating room for growth from current $81.00
- Combined expansion package demonstrates clear value:
    - New run + 150ft vertical + chairlift supports $1.99 price increase (+$3.47M annual revenue)
- Closing 3-5 runs would have a low negative impact (-$0.67/run) but requires full cost analysis to determine net profitability

Recommended Next Steps

- Pricing Strategy:
    - Short-term: Implement $1.99 increase with infrastructure improvements
    - Long-term: Gradually work toward $85.48 based on market response
- Proceed with expansion project (new run, vertical drop, chairlift)
- Monitor customer satisfaction and demand after initial price change
- Complete operational cost analysis before any run modifications