

Big Mountain Resort Capstone Presentation

By Jonathan Samuel





Problem Identification

Big Mountain Resort is one of the leading destinations for skiers and those that enjoy recreational activities that involve the snow. The last couple of investments and operating expenses have driven the question to better understand the price point of tickets and how they can be implemented to further drive usage of the resort and remain competitive with other resorts that are in the region as well as across the United States.

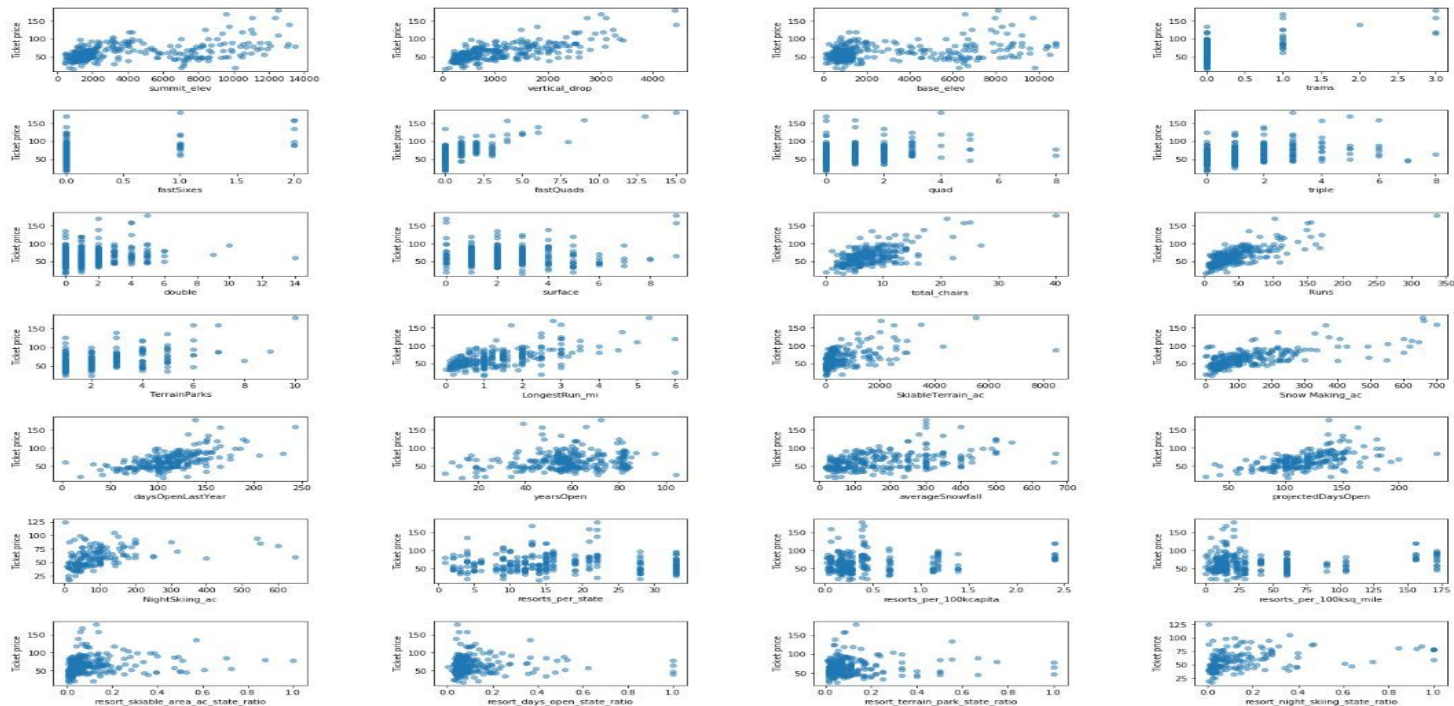
Our primary objective on this matter is understanding the right ticket price for the resort to remain competitive in the market after its investment and operating expenses.



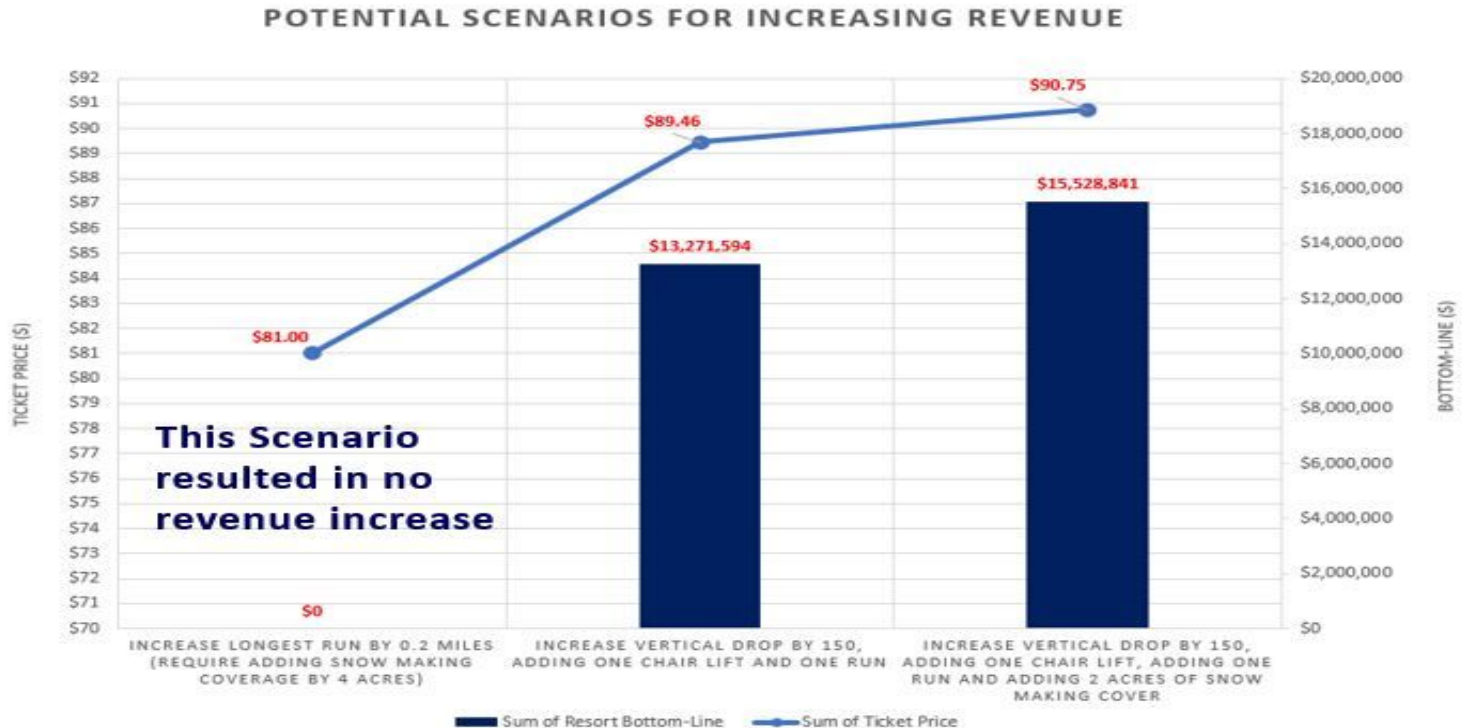
Recommendations and Key Findings

- Ticket pricing is lower than the model that we have used by 16.31% overall.
- Increasing vertical drops, increasing snowmaking per acre, and increasing the longest run that is available are key elements that can drive price stability and negotiations for increasing the price at the resort.
- Increasing the vertical drop by 150 ft would increase the ticket price by 10.44% resulting in a change of ticket price from \$81.00 USD to \$89.46 USD this change in ticket price results in a revenue increase by \$14,811,594 MM USD.
- An additional two acres of snow would change ticket pricing from \$81 to \$90.75 which results in revenue of \$17,068,841 MM USD.
- Closing 2 runs will result in a price drop of \$0.4 and 750,000 USD respectively.
- Closing 3 runs will result in a price drop of \$0.67 and \$1.250M USD respectively, they are better off closing 4 or 5 as they are within the same loss category.
- Closing 10 runs will result in a price drop of \$1.71 and a \$3M loss respectively.

Model Results and Analysis



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- The strongest solution that we can provide to the company to gain the highest revenue increase is by increasing the vertical drop by 150ft, adding one Chair Lift, adding one run, and finally with 2 acres of snow-making cover.
- This scenario has increased the ticket price by 12% from \$81 to \$90.75, bringing in a bottom-line increase of \$15,538,841, and after removing operating costs that is \$1.54M USD.



Summary

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