Guided Capstone Project Presentation

Big Mountain Resort

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Problem Identification

- Currently Big Mountain Resort bases its ticket prices on the market average.
- However, the resorts features are better than average. A more precise model could show that a increase in ticket prices is supported by the resort's current features.
- In addition, a model could show which features could be increased or diminished in a way that increases overall profits.

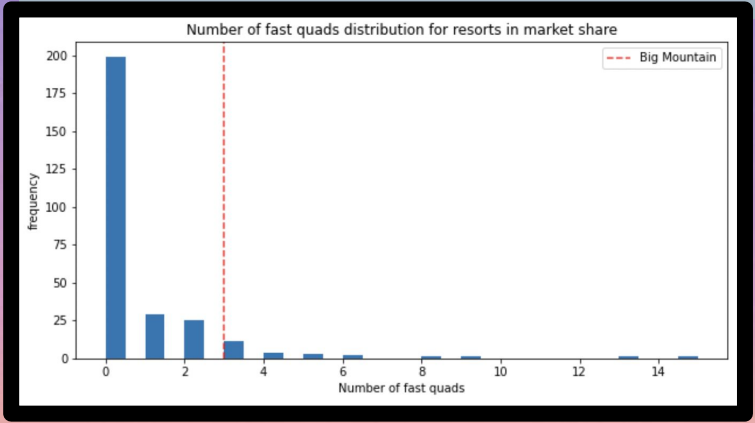
- How can we increase Big Mountain Resort's profits by 10% in the next year using this model?

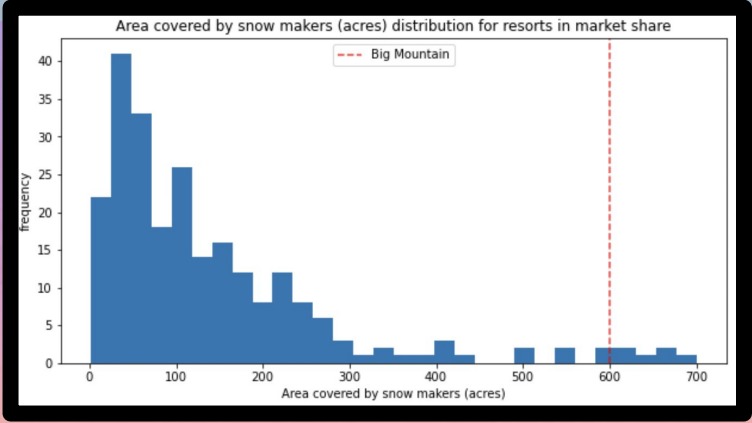
Recommendation #1: Increase Ticket Prices

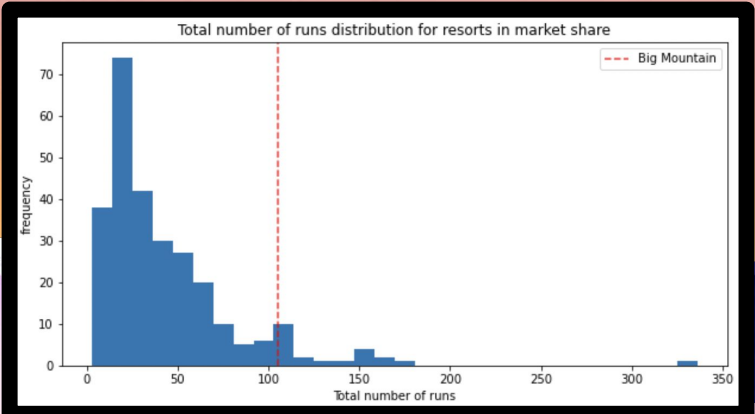
- Our model estimates that Big Mountain Resort's ticket prices should be as high as $95.87. This is $14.87 more than the current ticket price.
- This would increase revenue by over 18%.

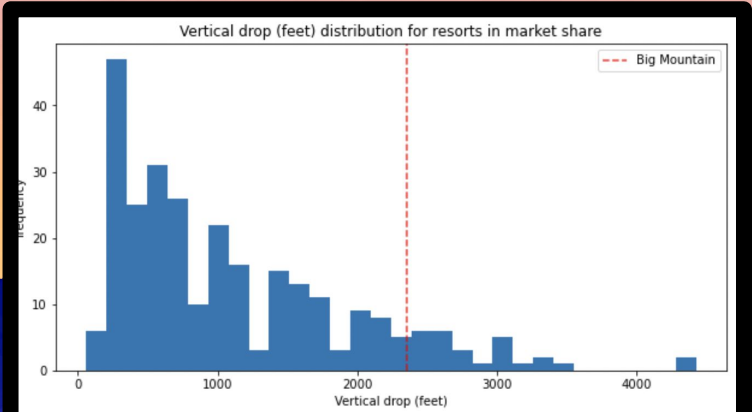
Rationale for Increasing Ticket Prices

Our model found that the following features are most closely correlated with ticket prices. Big Mountain Resort's performance compared to other resorts is marked by the red line.







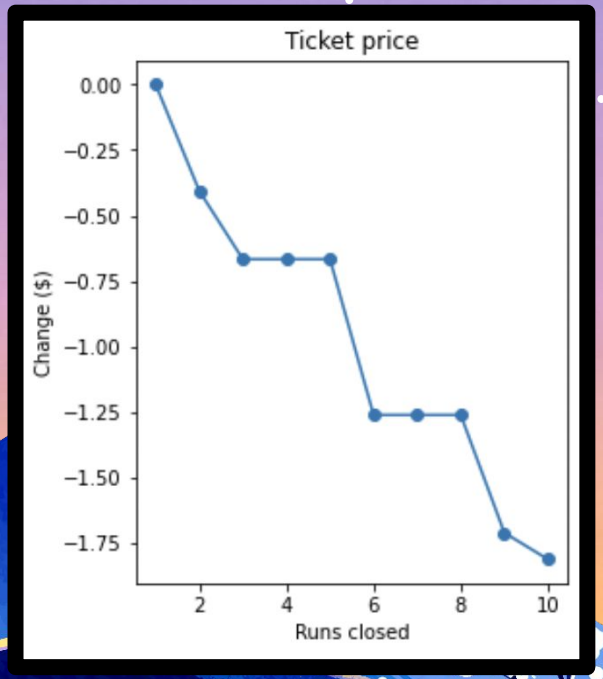


Recommendation #2:
Increase Vertical Drop and Add Chair Lift

- The vertical drop of the resort could be increased by 150 feet with the addition of a run.
- This would require installing another chair lift.
- The model predicts that these new features would support a ticket price increase of by $1.99 which would increase annual revenue by $3,474,638.
- This will likely increase profits, as the last additional chair lift cost about $1.5 million annually.

Recommendation #3:
Explore closing lesser used runs

- Closing one run has no effect on ticket prices.
- Closing 5 runs has minimal effect.
- If closing 5 runs reduces operating costs by $1.4 million or more, then this adjustment will increase profit.



Summary and Conclusion

Recommendation	Expected Revenue Change	Expected Cost Change	Expected Profit Increase
Raise ticket prices to $95.87	$26 million	none	18.3%
Increase vertical drop and add chair lift	$3.48 million	approx. $1.54 million	approx. 1.4%
Examine costs of closing lesser used runs	-1.3 million (loss)	Needs to be examine	Depends on cost reductions