

Guided Capstone Project Report

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Market data from 330 of Big Mountain Resort's 330 closest competitors across the US suggests that the current day pass ticket price is underpriced.

The company can optimize ticket price, and therefore profitability, based on the model presented in this study, where it is shown that the current market will bear price increases from the current \$81 to \$95.87 (+/- \$10.53). This would lead to an annual revenue increase between \$7.595MM (\$4.34/day/ticket) and \$44.450MM (+\$25.4/day/ticket), assuming 350,000 customers purchased 5 day passes.

Of the 32 features evaluated in the study, there were 4 key features that impacted ticket prices the most, in order of impact: Fast Quads, Runs, Snow-making and Vertical Drop. These 4 features were used as the basis for analysis of capital investment and recommendations for next steps.

Recommendations for next steps are separated into "Immediate" and "Short Term".0

Immediate Recommendations:

1. Increase ticket price to the minimum recommended by the study, from current \$81 to \$85.34 per day per customer. On a daily basis a revenue increase of 5.4% ($85.34/81$) should result and could be validated against recent daily sales info.
2. Reduce/close off one run from current runs available, selecting the least travelled/least popular run. This should not impact the results predicted in step one above. This would be one of the features that could be turned on and off from week to week or day to validate impact on item 1 above. It is expected there would be no impact. Once confirmed to have no impact on revenue, the reduction in operating costs related to the run in question could be added to the "savings" generated by this study.

Short Term Recommendations:

1. As described above, the 4 key features were: Fast Quads, Runs, Snow-making, and Vertical Drop. Based on the study a combination of Fast Quads, Runs and Vertical justifies at ticket increase of \$1.99 per day, divided into: \$1.70 for additional Vertical; \$0.29 for additional Fast Quad; and \$0.00 for addition of Run (consistent with Immediate Recommendation #2). Therefore, a additional Fast Quad on its own supports \$0.29 per ticket, \$507,246 revenue per year, not enough to justify the \$1.540,000 in additional operating costs; however, when combined with adding 150' vertical drop to the, justifies \$1.99 or \$3.482,500 additional revenue per year. Of course this analysis would need to be included in full capex analysis before proceeding.
2. The study showed that acres covered by snow-making are significant features impacting customer's willingness to pay more for tickets. Specifically, adding 54 acres or more of snow-making would justify an increase of \$4.45/day/customer (see scenario 4b, models). As above this analysis would need to be included in full capex analysis before proceeding.