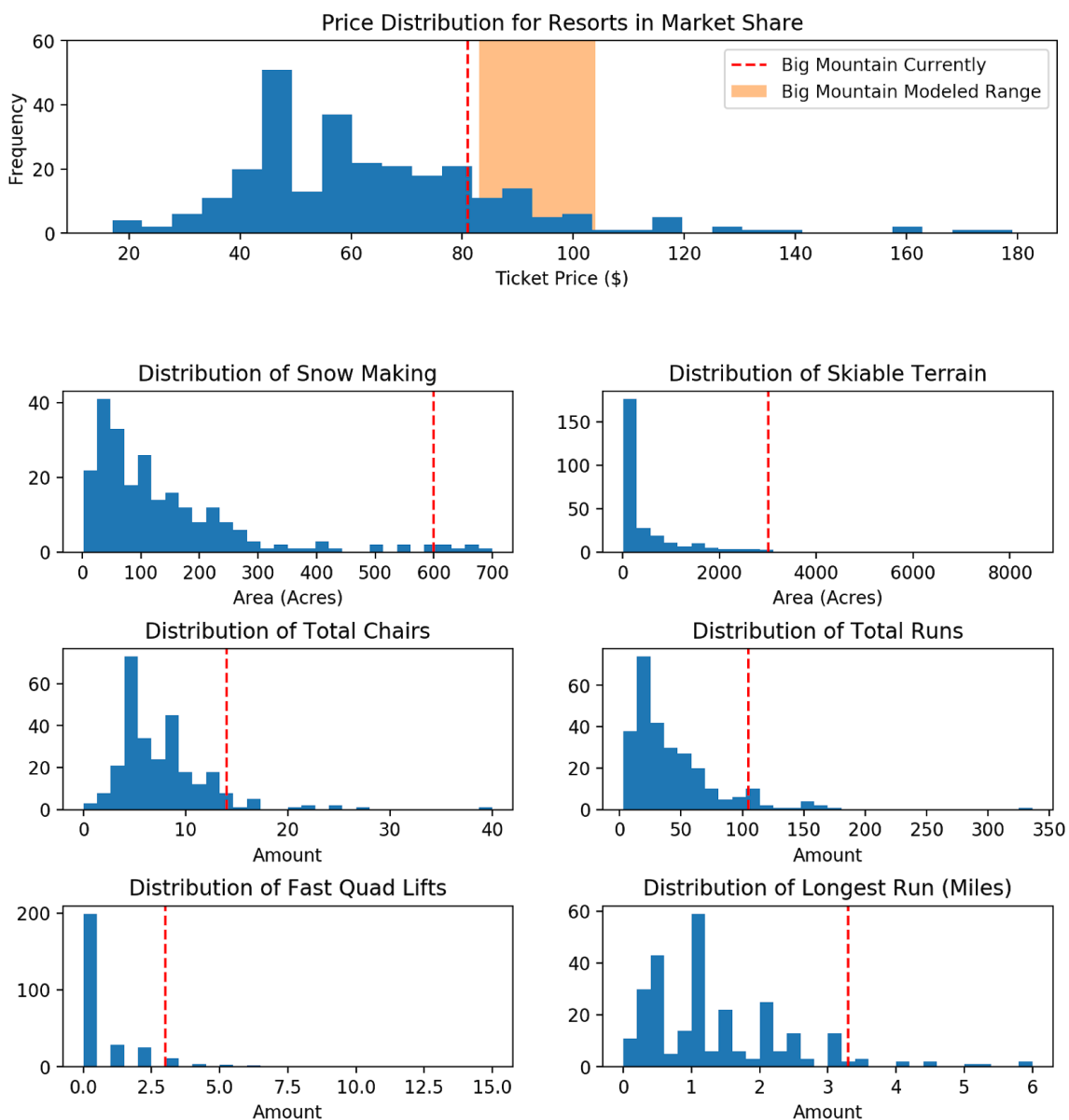


Currently, Big Mountain Resort charges \$81 per ticket, providing a yearly revenue of around \$142 million. By analyzing the qualities of the resorts within the same market share, a model able to predict ticket prices based on the qualities of a resort was created to find where Big Mountain fits among it's fellow resorts. According to this model, Big Mountain's ticket price should be \$94.22, a 16% increase from current ticket prices. This model has a mean absolute error of \$10.39, so this price could feasibly range anywhere between \$84 and \$105.

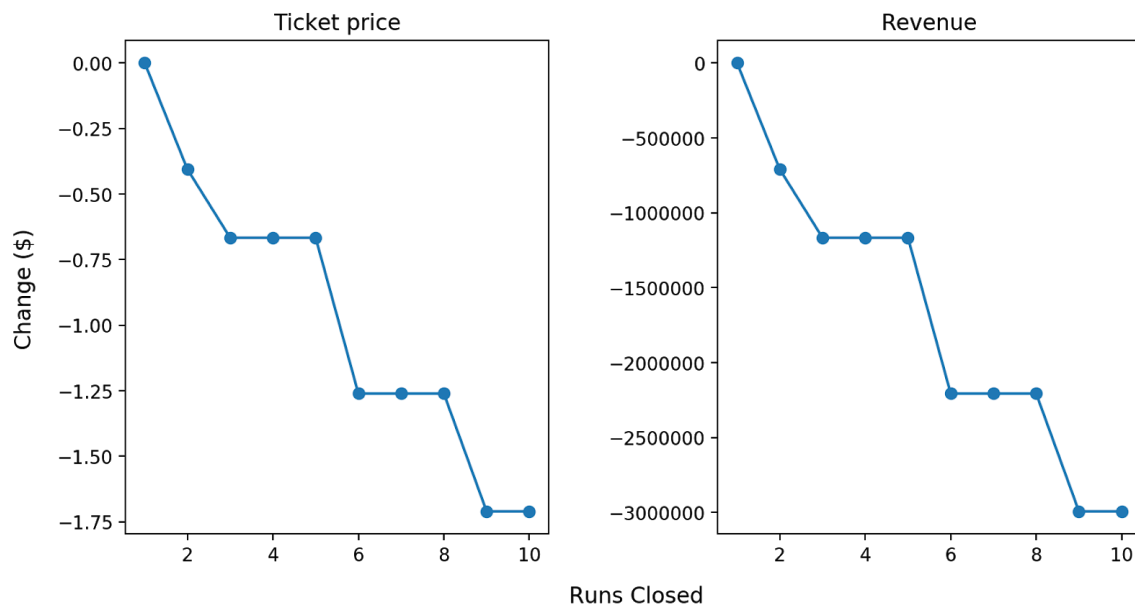
While this price may appear to be a big jump, especially considering Big Mountain currently holds the most expensive ticket price in the state of Montana, the increase is very much justified. Compared to resorts across the United States, Big Mountain sits within the top 2% in its acres of snow making and skiable terrain. It is among the top 5% in its amount of chairs, particularly fast quads, and the length of its longest run. The resort also provides an abundance of runs that greatly add to its value.



Presented here are the four scenarios Big Mountain suggested in order to increase revenue or cut costs.

### Scenario 1: Permanently closing down up to 10 of the least used runs.

The model predicts that closing a single run would not reflect a change in ticket price, but that any more would drastically lower the price in increments. I'd advise removing the least used run and, if the cost reduction outweighs the ticket price drop, to shut down groups of run within the increment. For example in the case that closing three runs is beneficial, closing two more would cut costs with no additional expense to the ticket price.



### Scenario 2: Add a new run to increase the vertical drop.

The model suggests that an increase in the total vertical drop distance reflects an increase in ticket price by about \$2, which would lead to a \$3.5 million in additional revenue. While this option does come at the cost of installing an additional lift, if the operation cost of this lift is similar to the one recently implemented, around 1.5 million, then the \$2 increase in ticket price alone can easily cover the costs.

### Scenario 3: Add a new run to increase the vertical drop with snowmaking.

Snowmaking did not reflect a difference in the ticket price. If Big Mountain wishes to move forward with Scenario 2, it does not appear that snowmaking is necessary

### Scenario 4: Add to an existing run to increase the longest run with snowmaking.

Longest run does not appear to have much impact on ticket price according to the model, thus it is suggested this option be dismissed.

In conclusion, I believe Big Mountain holds many qualities that deem it fit for a much larger ticket price. It is worth noting though, that the resort may want to refrain from jumping to the higher extremes of the provided range due to the local competition. In terms of adding or removing various amenities, I recommend closing the least used run and replacing it with one that would expand the total vertical drop distance. If the resort were to only increase the ticket price by the two \$2 reflected from the addition of this run, it is estimated that the increase alone could cover the costs of both the previously implemented ski lift as well as the new one necessary to create the run. Removing more runs may be beneficial, but more cost analysis would be necessary to confirm this.