Big Mountain Resort

Data Analysis Results and Recommendation

Problem Identification

Big Picture

- Big Mountain Resort has recently installed a new ski lift and wants to increase revenue.

What changes can Big Mountain Resort make to increase revenue by at least $1540000 during the next ski season, either by cutting costs or increasing ticket prices.

Increase Ticket Price

- Increase the vertical drop by 150, without additional snow making coverage
- Increase the vertical drop by 150, including 0.2 acres of snow making coverage
- Increase the longest run by 0.2, requiring an additional 4 acres of snow making coverage.

Cut Operation Costs

- Permanently closing up to 10 of the least used runs.

Key Findings

Data analysis shows that ticket prices were highly correlated with these particular qualities provided by resorts.

Amount of runs

- Understandably, visitors like having more runs to ride.

Amount of chairs, particularly fast quad lifts

- Enables more people to get around the mountain.
- Interestingly, having less chairs per run seem to lead to higher ticket prices although this case points more to exclusivity – less chairs, less visitors, higher price.

Acres of snow making

- Visitors like having guaranteed snow.

Large vertical drop

- Appears to be rather good selling point.

My Advice

Based off the provided data and results of analysis

Increase ticket prices ranging between $84 and $94.

- While you could raise prices even higher, Big Mountain currently has the most expensive ticket price in Montana. Too high of price increase may turn visitors to the cheaper competition.

Remove the least used run and replace it with a new run increasing vertical drop.

- Includes a $2 raise in the current ticket price to cover both the operation costs of the previously installed lift and the new one required for this option.
- Allows transfer of operation costs of the least used run to the new one.

Other Suggestions

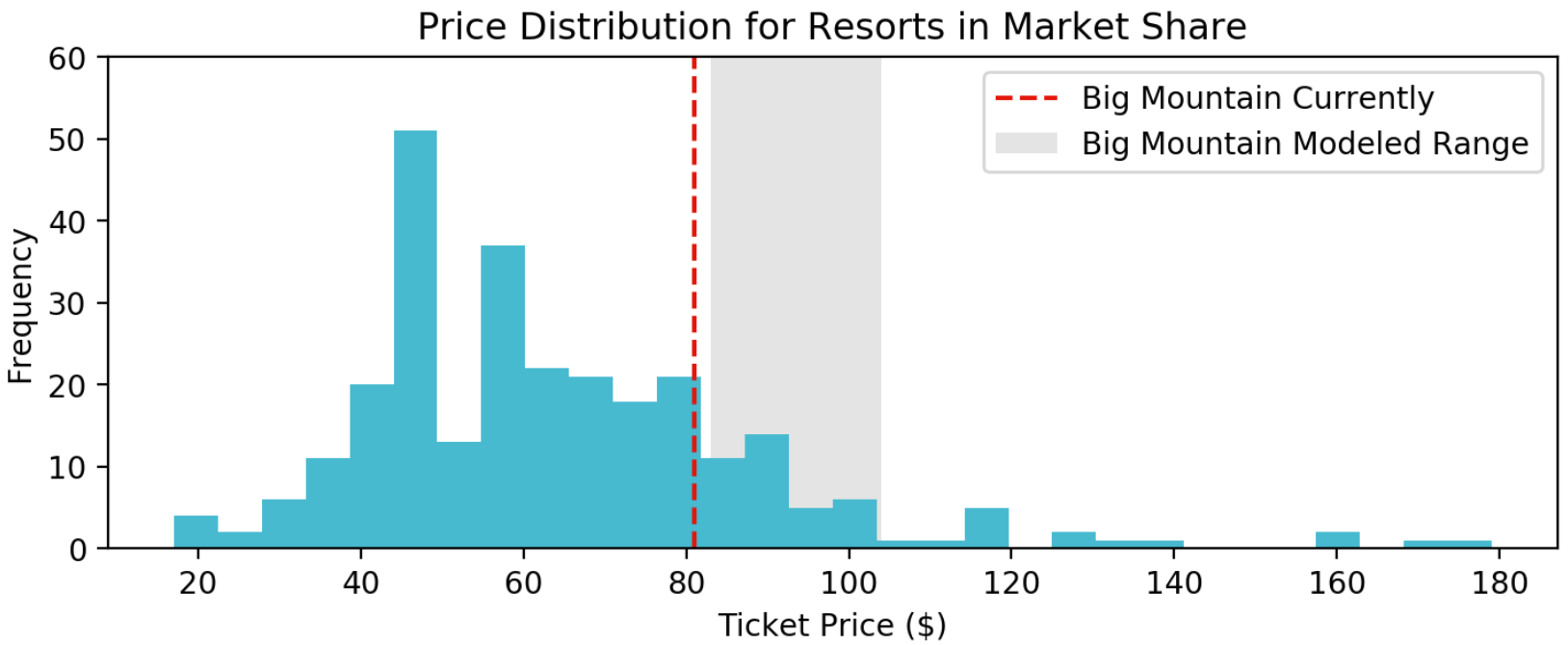
- Close more runs depending on costs of operating the least used runs.
- Focus advertising on snow making, vertical drop, and amount of chairs and runs.

Ticket Price Analysis

Results

- Big Mountain Resort is underselling
- There's lots of room to grow

Current		Modeled
$81	Ticket Price	$94 ± $10
$141 million	Projected Yearly Revenue	$165 million ± $18 million

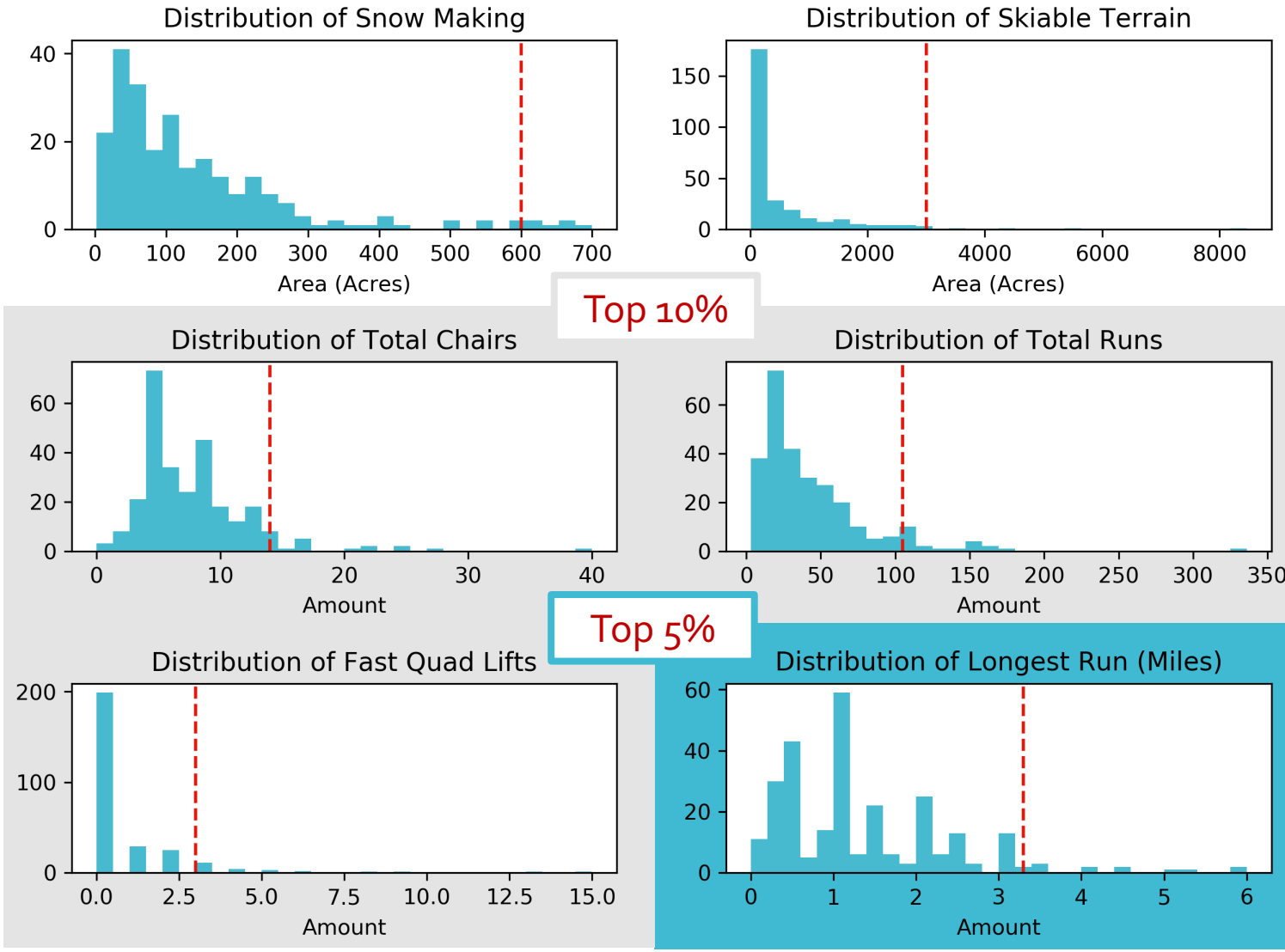


Ticket Price Analysis

Results

- Big Mountain Resort is underselling
- There's lots of room to grow
- Big Mountain has a lot to offer

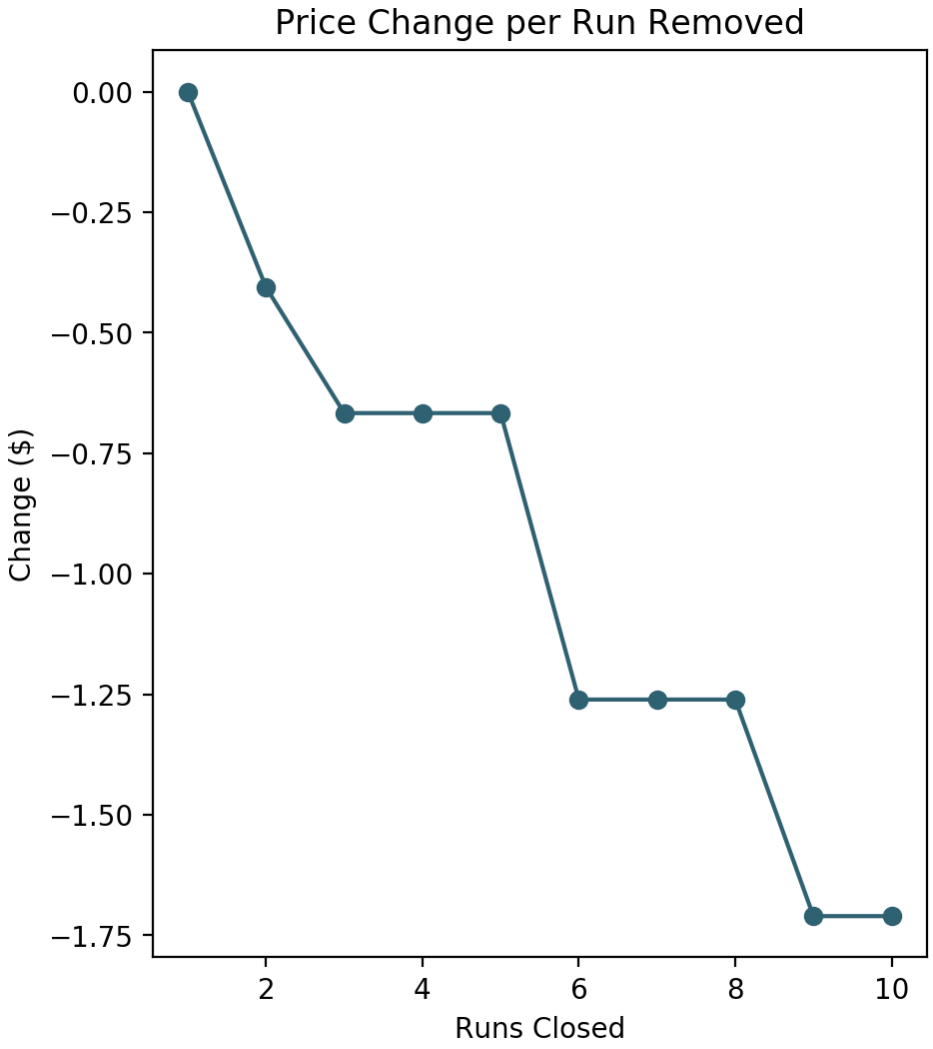
Ranked within in the top 10 of all resorts in the market share!



Scenario Analysis

1. Removing up to ten of the lease used runs
   - Closing one run reflects no change in the ticket price but removing any more comes at a cost.

Runs Removed	Ticket Price Decrease	Predicted Yearly Revenue Decrease
2	$0.45	$710 k
3-5	$0.66	$1,170 k
6-8	$1.26	$2,210 k
9-10	$1.71	$3,000 k

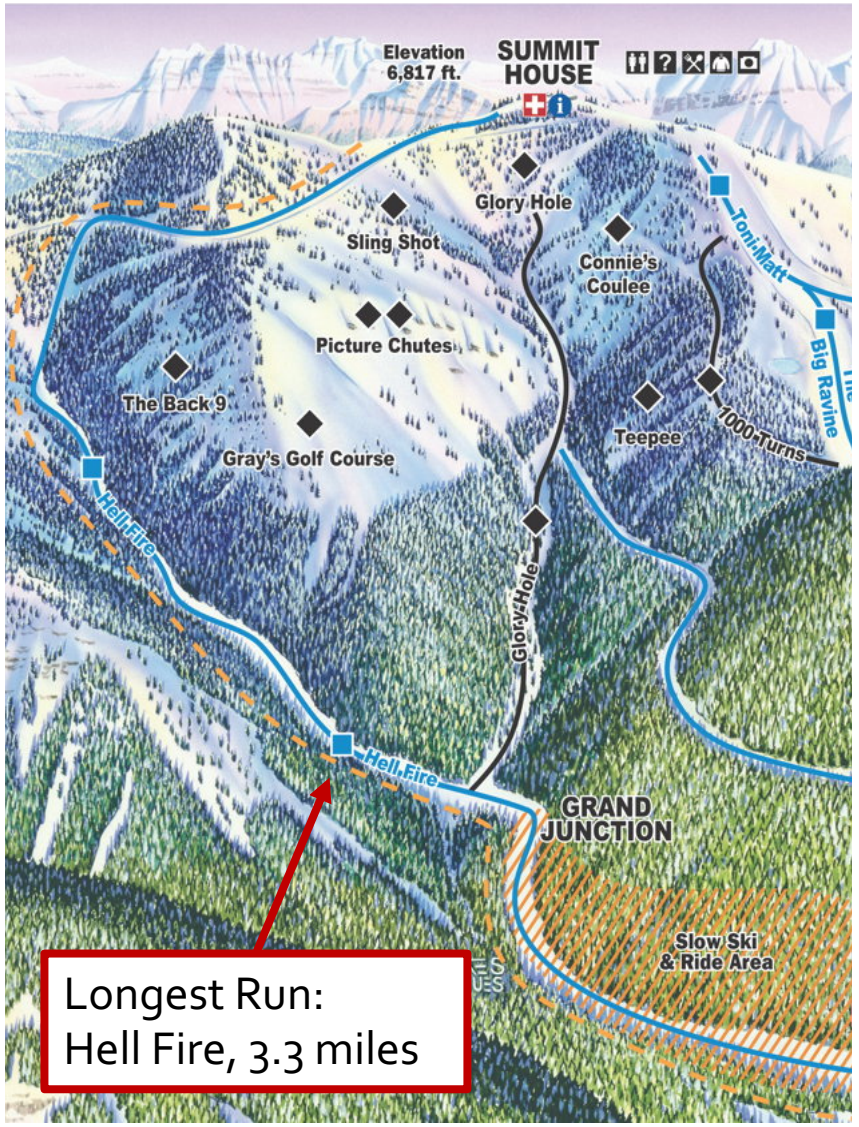


Scenario Analysis

2. Add a new run to increase vertical drop length
   - This addition would roughly reflect a $2 increase in the ticket price, adding an additional $3 million in yearly revenue.

3. Add a new run to increase vertical drop length with an additional 2 acres of snow making
   - Since Big Mountain already makes so much snow, such a small addition is considered negligible by the model thus reflects no change in ticket price

4. Increase the longest run, requiring an additional 4 acres of snow making
   - Reflects no change in ticket price



In Conclusion

Big Mountain Resort offers top of the line amenities and deserves a ticket price that matches its value.

- Highlightable features include acres of snow making and skiable terrain, as well as the total amount of chairs and runs provided.

While simply increasing the ticket price to what is recommended will greatly increase the revenue, Big Mountain can go even further.

- Cut costs by closing the least used run, potentially more.
- Increase interest by adding a run to lengthen the vertical drop.