

Problem Statement Worksheet (Hypothesis Formation)

- The business problem Big Mountain Resort is investigating is how to adjust their ticket pricing to cover the costs of a new chairlift and optimize overall profitability without losing market competitiveness. A hypothesis supporting the business outcome could be that by using a data-driven approach to analyze current pricing, customer behavior, and operational costs in relation to market data, the resort can identify a pricing strategy that maximizes revenue while maintaining or growing visitor numbers. The hypothesis would propose that certain amenities, like the new chairlift, allow for a higher ticket price without diminishing visitor turnout.

SMART :

- **Specific:** Determine a ticket pricing strategy that covers the additional costs of the new chairlift while remaining competitive.
- **Measurable:** Achieve a defined revenue increase that covers the \$1,540,000 operating costs of the new chairlift, without decreasing the annual visitor count of 350,000.
- **Action-oriented:** Conduct a comprehensive analysis of current pricing, customer data, and competitive positioning to inform the new pricing strategy.
- **Relevant:** Ensure the new pricing strategy aligns with Big Mountain Resort's premium market position and the value offered by its facilities and services.
- **Time-bound:**

Context (Why are you working on this problem?):

- Big Mountain Resort needs to optimize their ticket pricing strategy to cover the increased operating costs due to the new chair lift, while ensuring the resort remains attractive to visitors and competitive in the market.

Criteria for Success (What are the key criteria that will deem this work successful?):

- The resort's new pricing strategy should cover the additional \$1,540,000 operating costs, improve profit margins, and maintain or increase the current visitor numbers of 350,000 annually.

Scope of Solution Space (What is the focus of this business initiative? What specific items will you focus on exclusively?):

- The project will analyze the resort's current pricing, costs, and facilities compared to competitors and propose a value-based pricing model. It will not consider any changes to the number or type of trails offered.

Constraints within Solution Space (What constraints exist that may prevent this business initiative from succeeding?):

- The resort's premium pricing strategy is limited by market averages and customer perceptions. There's a risk that significant price changes could deter visitors.

Stakeholders to Provide Key Insight (Who are the key stakeholders that need to be involved in this project? Where will you source your data from, and who will you present your recommendation to?):

- Stakeholders include the resort management team, finance department, marketing team, and visitors (for feedback on pricing and facilities).

Key Data Sources (What are the key pieces of data you need to answer the questions related to the problem you are trying to solve?):

- Visitor statistics, current and historical pricing data, cost analysis of operations, competitor pricing, and facility offerings, and customer satisfaction surveys. Trail statistics such as the number of runs, the length of the longest run, and terrain park counts. Financial figures from ticket sales including weekday and weekend prices. Seasonal data like average snowfall, snowmaking coverage, and days open last year.