Problem Statement Worksheet (Hypothesis Formation)

What steps can Big Mountain Resort take this ski season to account for a $1.54 million increase in operating costs either through changing the ticket value of their resort or cutting costs in the park?

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1 Context

Big Mountain Resort (BMR) is a ski resort located in Montana with views of Glacier National Park and Flathead National Forest. It has 11 lifts and exceptional skiing environment, supporting about 350,000 skiers and snowboarders per year. BMR added a new chair lift to help distribute the visitors across the mountain, and this will cost them an increase of $1.54 million in operating costs this season alone. BMR has been looking to raise their ticket costs above their market segment's average, because they feel they are not capitalizing on their facilities optimally. The investment team wants guidance from their data science team on where to set the new ticket price, either wanting to cut costs or have justifiable ticket price increase.

2 Criteria for success

- **Determine a solution either through ticket price change or cost cutting that successfully accounts for the $1.54 million increase in operating costs this season from adding a new chair lift.**

3 Scope of solution space

- **Since the investment team wants data driven decision-making, the scope stays within the data science team and the US resorts data table.**

4 Constraints within solution space

- **The new ski lift costs $1.54 million extra per season, so there is added pressure to find a solution quickly. Since the lift has already been built, there's no going back to a cheaper option.**
- **Raising ticket prices too much dissuades visitors from coming to the resort.**
- **Cutting costs in the park could devalue the ticket price, if cuts are not implemented well.**

5 Stakeholders to provide key insight

- **Big Mountain Resort executives**
- **Big Mountain Resort investment team**
- **Big Mountain Resort data science team**

6 Key data sources

- **Data sets from over 330 ski resorts across the United States. Sets include all the same criteria and columns compared to one another.**

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