Problem Statement Worksheet (Big Mountain Resort)

Determine which new pricing strategy is a better choice: cost cutting or ticket price increase. If cost cutting, where to cut costs. If ticket price increase, by how much?

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1 Context

Big Mountain Resort is a Montana based ski resort with access to 105 trails. They require several chair lifts in order to properly distribute visitors to the trails. With an additional lift operating costs increased by over $1.5M, which requires a new pricing strategy for their ticket price. The current strategy is based upon market average of similar facilities. They want a more data-driven strategy to support cost cutting without changing ticket prices, or a strategy that supports ticket price increase because of value of the resort.

2 Criteria for success

With the data contained within a CSV file from the database manager, give specific areas where cost can be lowered but does not affect ticket prices, or determine if a ticket price increase is valid and will not affect the number of visitors.

3 Scope of solution space

There should be a compare and contrast of both pricing strategies for cost cutting and ticket price increase. Depending which provides a better overall revenue, the resort will implement the changes. Should cost cutting be best solution, the resort will perform the recommended changes. Should ticket price increase be the best solution, the resort will increase it by the recommended amount.

4 Constraints within solution space

There is no column that gives the number of visitors each resort acquires, which will undermine the “value” of the resort’s ticket pricing. There is no data points in the CSV file that has information of current costs of each facility.

5 Stakeholders to provide key insight

- Database Manager

6 Key data sources

CSV file with data from 330 different resorts with over two dozen data points (columns) for each resort.

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