**Big Mountain Resort - Guided Capstone - Overview + Context**

Your client is Big Mountain Resort, a ski resort located in Montana. Big Mountain Resort offers spectacular views of Glacier National Park and Flathead National Forest, with access to 105 trails. Every year about 350,000 people ski or snowboard at Big Mountain. This mountain can accommodate skiers and riders of all levels and abilities.

These are serviced by 11 lifts, 2 T-bars, and 1 magic carpet for novice skiers. The longest run is named Hellfire and is 3.3 miles in length. The base elevation is 4,464 ft, and the summit is 6,817 ft with a vertical drop of 2,353 ft.

Big Mountain Resort has recently installed an additional chair lift to help increase the distribution of visitors across the mountain. This additional chair increases their operating costs by $1,540,000 this season.

The resort's pricing strategy has been to charge a premium above the average price of resorts in its market segment. They know there are limitations to this approach. There's a suspicion that Big Mountain is not capitalizing on its facilities as much as it could. Basing their pricing on just the market average does not provide the business with a good sense of how important some facilities are compared to others. This hampers investment strategy. You are part of a new data science team brought in to implement a more data-driven business strategy. The business wants some guidance on how to select a better value for their ticket price. They are also considering a number of changes that they hope will either cut costs without undermining the ticket price or will support an even higher ticket price.

**Big Mountain Resort - Guided Capstone - Problem Statement**

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| **Problem statement: <What is the business problem that you’re investigating (Use SMART principles)>**  Provide guidance to the resort on how to select a better value for their ticket price. A current use case is to recuperate the additional operating costs of $1.54M and further generate a market-average return on investment on the new ski lift this season either by selecting a price that better reflect the quality of its facilities vs competitors’ and/or making other changes to facilities. | |
| **Context: <Why are you working on this problem?>**  -Big Mountain Resorts is a ski resort in Montana with spectacular views and facilities accommodating guests of all levels and abilities. -Recently installed lift is meant to facilitate the distribution of guests around the mountain which will cost $1,54M/year to operate. -Big Mountain looks to revisit and increase its pricing and implement reasonable cost-cutting measures with a focus on competitor price/facilities data. | **Other Stakeholders to Provide Key Insight: <Who are the other stakeholders that need to be involved in this project? Where will you source your data from and who will you present your recommendations to once you have identified a solution?>**  -Jimmy Blackburn, Director of Operations: Will be responsible for making arrangements to implement the proposed solution.  -Alesha Eisen, Database Manager: Will be responsible for providing company and competitor data. |
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| **Criteria for Success: <What are the key criteria that will deem this work successful?>**  Providing guidance on price selection and generating revenue/savings to overtake the additional $1.54M cost of the new ski-lift while further providing a market-average return of investment on this lift. | **Constraints: <What constraints exist that may prevent this business initiative from succeeding?>** - Labor Constraints: Increases to ticket prices or changing the projected open days together may increase or decrease the labor demanded which may hurt the company’s relationship with local labor or increase labor costs beyond feasible levels. – Similarly, maintenance required on the facilities may increase/decrease which may further indicate infeasible outcomes. |
| **Key Data Sources: <What are the key pieces of data you need to answer the questions related to the problems you’re trying to solve?>**  The project needs data listing the characteristics of ski resorts in the US with an eye to evaluate changes on target variables.  The project needs a basic model of revenue and cost structure (fixed and variable costs per facility and labor) of the company. | |
| **Scope of Solution Space: <What is the focus of this business initiative? i.e. What specific items will you focus on exclusively?>**Project will focus on increase of Adult Weekday and Weekend prices; adjusting the number of projected open days and making changes to night skiing regime. | |