Problem Statement Worksheet (Hypothesis Formation)

How can Big Mountain Resort select a ticket price that reflects regional value and concurrently seek opportunities to cut costs without undermining a premium price?

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1 Context

Big Mountain Resort is a ski resort in Montana that offers unique views of Glacier National Park and Flathead National Forest. The resort has just added a chair and $1,540,000 in operating costs. Management has a pricing strategy that already assumes a premium above the average price for regional alternatives. Still, management believes that Big Mountain Resort is not fully capitalizing on the true value of the Resort's facilities and offerings.

2 Criteria for success

Find a ticket price for which profit from attendance will cover the additional $1,540,000 in operational costs and answer management's questions related to capitalizing on the Resort's full value.

3 Scope of solution space

Provide the resort's management with quantifiable guidance on selecting a ticket price that will reflect a regional premium given the park's unique offerings. Provide an analysis of what customers are paying for resorts with similar facility profiles and an analysis of what customers are paying for in regional alternatives. Provide assumptions in your ticket pricing given resort capacity and expected attendance.

4 Constraints within solution space

The resort offers 11 lifts, 2 T-bars, 1 magic carpet, and 1 new chair. The longest run is 3.3 miles. The base elevation is 4,464 ft, and the summit is 6,817 ft with a vertical drop of 2,354 ft. The resort offers access to 105 trails. We must gather further characteristic information on skiable terrain, terrain parks, and the number of runs. The number of expected days open and days open last year can help guide attendance assumptions.

5 Stakeholders to provide key insight

Alesha Eisen - Database manager
Jimmy Blackburn - Director of Operations.

6 Key data sources

CSV file provided from the Database manager containing data from 330 resorts with similar market share.

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