Problem Statement Worksheet (Hypothesis Formation)

How can we use data from other resorts to accurately price tickets at Big mountain resort to offset the 1.5 million investment of the new chair lift by next season?

1 Context

Big Mountain Resort has invested in a new chair lift in order to increase visitor distribution across the mountain. This additional chair lift increase operating cost by $1,540,000 this season. Management believe that we could be generating more income by increasing ticket prices but we need to find some justification in doing so. Currently tickets pricing are based on just the market average and that does not provide the business with a good sense of how important some facilities are compared to others. The business wants some guidance on how to select a better value for their ticket price.

2 Criteria for success

Suggest ticket price increase to increase profit margins in the upcoming season to offset initial investments.

3 Scope of solution space

We are focusing on our facilities, comparing and utilizing other resorts data to justify increase ticket costs. We are going to create models to compare tickets prices and facilities from other resorts and we're going to apply that to our pricing model. Using this model, we could not only justify ticket price increase but also also see which facilities is not being fully utilized. Thus cutting costs on some operations without undermining the ticket price or will support an even higher ticket price.

4 Constraints within solution space

No budget.
Time - by next season.
Weather, unpredictable – harsh weathers may lead to decrease amount in expected visitor.

5 Stakeholders to provide key insight

Director of Operations, Jimmy Blackburn
Database Manager, Alesha Eisen

6 Key data sources

CSV file provided.