Problem Identification Overview + Context

Business Problem:

Big Mountain Resort is facing challenges in optimizing its ticket pricing strategy and overall revenue generation. Despite having superior facilities and recently investing in an additional chair lift to improve visitor distribution, which increased operating costs by $1,540,000 this season, the resort relies on a simplistic pricing strategy that charges a premium above the average of its market segment. This approach does not account for the specific value contributed by various facilities and could be limiting revenue potential and hindering strategic investment decisions. The resort seeks a more data-driven strategy to determine an optimal ticket price and assess potential changes to support cost reduction or justify higher prices.

Hypothesis:

A more nuanced pricing strategy, informed by data analysis of Big Mountain Resort's facilities in comparison to 330 other US resorts in the same market share, can identify undervalued aspects of the resort's offerings that justify a higher ticket price without negatively impacting visitor numbers. Additionally, this strategy could highlight opportunities for cost-saving changes that do not detract from the customer experience.

Context:

The business initiative aims to refine Big Mountain Resort's pricing strategy and operational adjustments to enhance revenue while maintaining or improving customer satisfaction. By leveraging data analytics, the resort can make informed decisions on ticket pricing and strategic investments in facilities and services.

Criteria for Success:

Identification of key factors that influence visitors' perception of value, leading to an optimized ticket price that reflects Big Mountain Resort's unique offerings.

Recommendations for operational changes that reduce costs without compromising service quality or justify an increased ticket price.

Maintaining or increasing the current visitor count while enhancing revenue per visitor.

Scope of Solution Space:

Analysis of market positioning and pricing strategies of similar resorts.

Evaluation of the impact of each facility and service offered by Big Mountain Resort on customer satisfaction and willingness to pay.

Cost-benefit analysis of potential operational changes.

Constraints:

The need to balance increased revenue without significantly impacting visitor numbers.

Limitations of existing data in capturing the full value provided by the resort's unique features and facilities.

Potential resistance from stakeholders to significant changes in pricing or operational strategies.

Stakeholders:

Jimmy Blackburn, Director of Operations

Alesha Eisen, Database Manager

Resort management and operational teams

Resort visitors and potential customers

Data Source(s):

A single CSV file provided by the Database Manager, containing detailed information on 330 resorts in the US, including Big Mountain Resort. This data will be crucial in comparing facilities, services, pricing strategies, and operational costs to identify areas for strategic improvement and pricing optimization.