

Problem Statement Worksheet (Hypothesis Formation)

Given that the operating costs increase by \$1.5M this season, what is a kind of strategy that the Big Mountain Resort can use to maximize profit without lowering the price of premium and with cost cuts before the upcoming season?

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1 Context

Big Mountain Resort located in Montana offers scenic views of Glacier National Park and Flathead National Forest. 3.5K skiers attends the mountains every year. With new chair lift installment, the operating costs increase by \$1.5M this season. The resort's pricing strategy is to charge a premium higher than the average in its market segment with a keen awareness of their limitations to that approach. What they want is to cut costs without lowering the ticket price.

2 Criteria for success

The relevant metrics for success are:

- At least one recommended strategy that can cut off the costs without lowering the ticket price is able to be identified without negative effect on the utility of consumers.
- The stakeholders' decision-making is based on my proposal and this proposal should be implemented before the upcoming season.

3 Scope of solution space

The data analysis is to focus on Big Mountain Resort located in Montana including Glacier National Park and Flathead National Forest regions. This analysis is to find the strategy without lowering a premium of ticket and negatively effect on consumers. The additional investigation is to determine what prevents them from maximizing their capitalization on facilities.

4 Constraints within solution space

- The significant constraint is their unwillingness to lower the price of premium since this strategy is considered as a serious impediment to their investment strategy.
- The suspicion that their capitalization on its facilities is not at maximum may possibly become a constraint to certain proposals from being effective.

5 Stakeholders to provide key insight

- Jimmy Blackburn (Director of Operations)
- Alesha Eisen (Database Manager)

6 Key data sources

A single CSV file sent by a database manager

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