Problem Statement Worksheet (Hypothesis Formation)

Create a new pricing strategy for Big Mountain Resort for the next ski season, which will result in at least a 10% increase in revenue for the season by tailoring the prices to the value provided by the resort's facilities as well as in comparison to similar resorts within the US.

1 Context

Big Mountain Resort, a ski resort in Montana, has historically charged a premium above the average price of resorts in its market segment. The resort would like to investigate its pricing strategy, and either cut costs (while keeping the price the same) or make changes that will support an even higher ticket price. There is a belief that the resort is not utilizing its facilities to the fullest.

2 Criteria for success

Provide an understanding of the value provided by Big Mountain in relation to its ticket price, in relation to similar ski resorts in the US.
Craft a new pricing strategy in line with Big Mountain's current assets.

3 Scope of solution space

The focus will be a comparison of facilities and prices by similar market segment resorts across the US, for a total of a maximum of 330 resorts. The solution will focus on pricing and facilities only, and not be analysing other financial data, operations or investment opportunities.

4 Constraints within solution space

Financial considerations and hesitancy may prevent an implementation in pricing changes, as leadership may worry about a temporary dip in revenue. Also, no information exists on skiers who use the resort and how they may react, as this is a destination resort which does not have a captive customer base located nearby.

5 Stakeholders to provide key insight

Big Mountain resort personnel can provide market insights, as they are the client for this project. Ideally, operations, finance and marketing groups could provide insights about the resort itself and the customer base.

6 Key data sources

A single data file containing comparative information on other US resorts in the same market segment, which contain facility information as well as pricing data.

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