


# Problem Statement Worksheet (Hypothesis Formation)

What should **Big Mountain Resort** price their ticket at for the upcoming ski season in order to maintain profits throughout the next season while accounting for a reduction in operating costs. 

## 1 Context

Due to the addition of a new lift, operating costs at Big Mountain Resort are expected to increase by 1.54 million this season. A plan to set the ticket price above the average price of its competitors is inadequate since there is a potential for reduction in operating costs. A new pricing strategy must be applied.

## 2 Criteria for success

**Big Mountain Resort's pricing strategy is contingent on changes it will make to its current facilities. Cutting operations costs and capitalizing on current facilities will allow for flexible ticket prices. The final price should not exceed \$150 on weekday or weekend tickets.**

## 3 Scope of solution space

The focus will be to reduce operating costs, since Big Mountain Resort currently has the most number of lifts in its market segment, by decommissioning unused lifts.

## 4 Constraints within solution space

- **There has already been \$1.54m allocated to the addition of a new lift**
- **Pushback by community to decommission unused lifts**
- **There is a likelihood stakeholders will not want to close facilities that are historic landmarks even if they are not profitable**

## 5 Stakeholders to provide key insight

Direction of Operations, Jimmy Blackburn  
Database Manager, Alesha Eisen

## 6 Key data sources

**Csv data – on years open, elevation, number of lifts, chairlift price for weekend and weekdays, number of runs, days open last year, skiable areas, projected days open**