

# WHERE THE BUSINESS OF FUN BEGINS



## Pricing & Yield Management in the Attractions Industry

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EURO ATTRACTIONS SHOW 2016 • [WWW.IAAPA.ORG/EAS](http://WWW.IAAPA.ORG/EAS)



# WHAT IS DYNAMIC PRICING?



*“The process of understanding, anticipating, and influencing consumer behavior in order to maximize yield or profits.”*

**What does this mean for this industry?**

**The challenge**: strategically control your inventory – your park, your attractions, and your product – and **sell it to the right consumer at the right time and for the right price**

# INDUSTRIES CURRENTLY USING DYNAMIC PRICING



Airlines



Restaurants



Hotels



Accommodation



Car rental



Retail



Sports venues



Cruise lines



Telecom



Energy

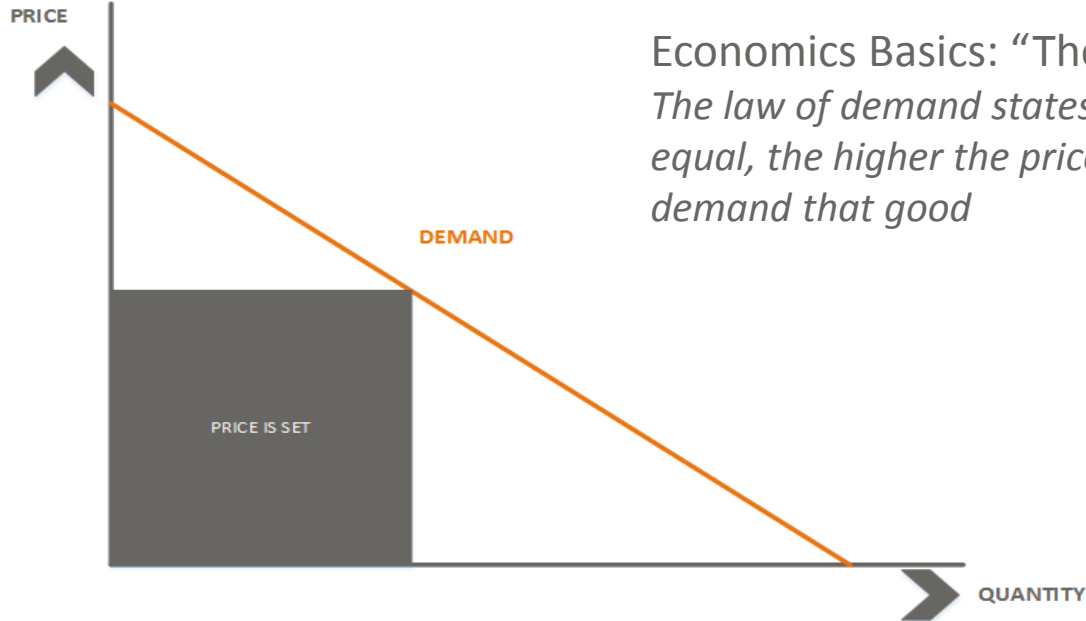


Parking



Public Transport

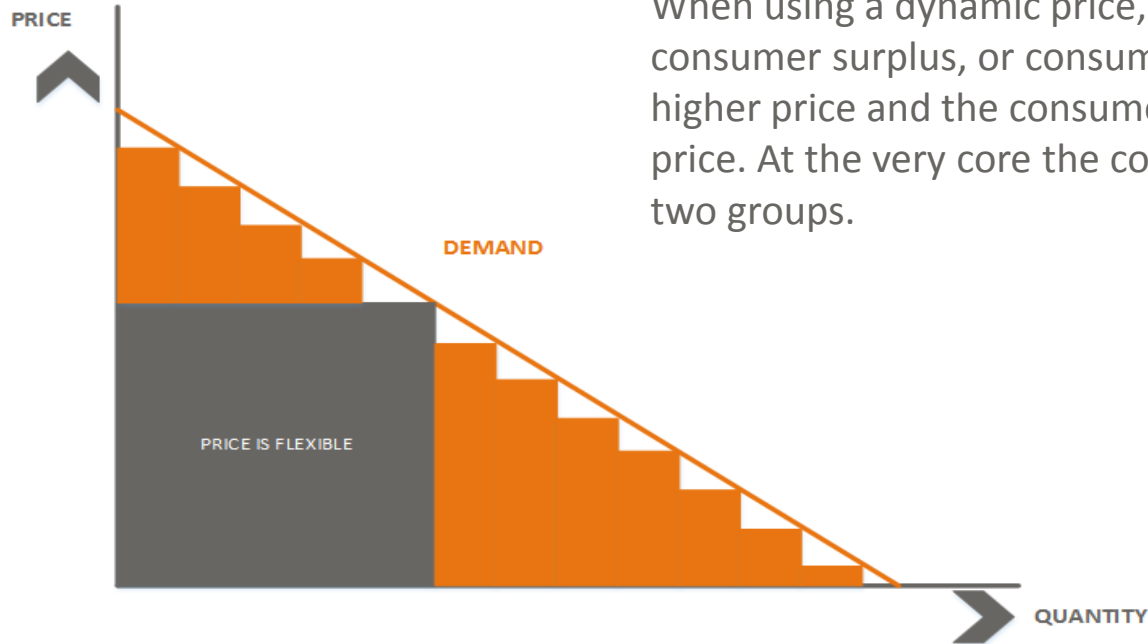
# SETTING 'THE' PRICE



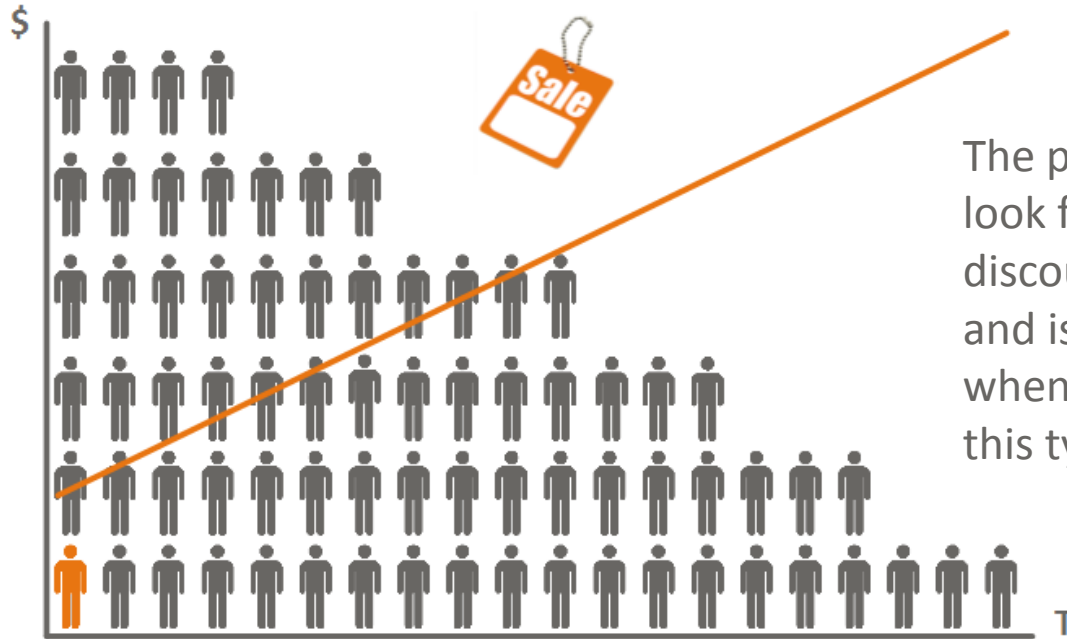
Economics Basics: “The law of demand”

*The law of demand states that, if all other factors remain equal, the higher the price of a good, the less people will demand that good*

# SETTING 'THE' PRICE

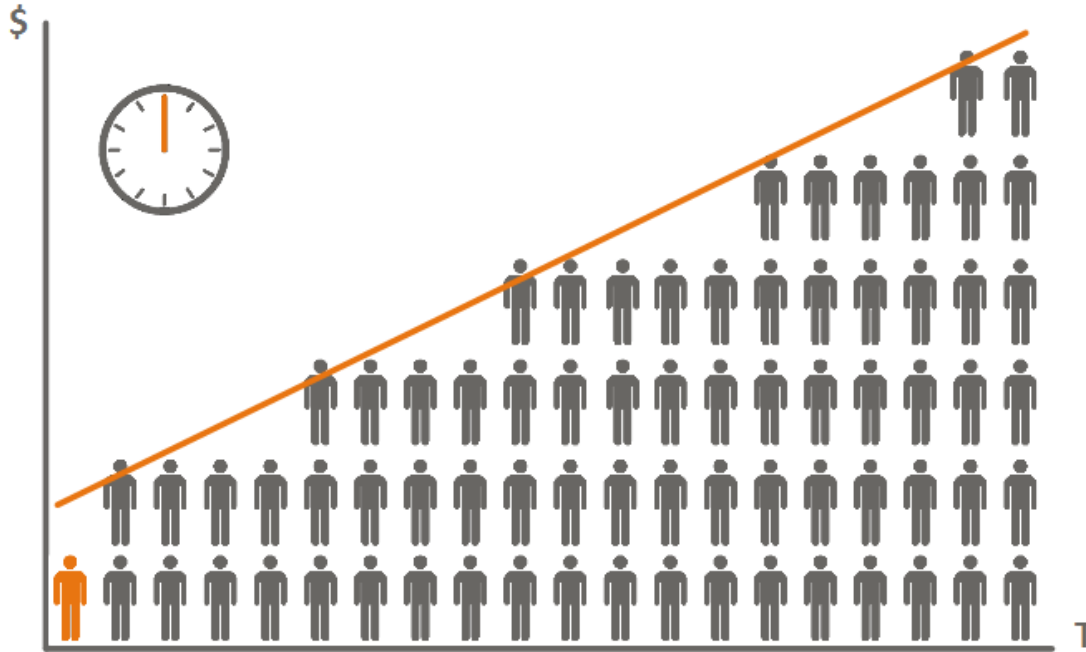


# PRICE SENSITIVE CUSTOMER



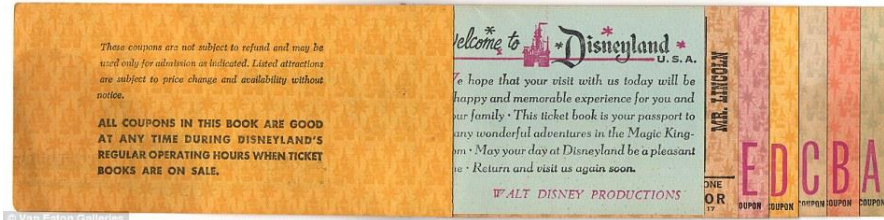
The price sensitive consumer will always look for the “best” deal, often using discounted tickets or promotional coupons and is far more affected by price as such when the price increases the number of this type of customers decreases

# TIME SENSITIVE CUSTOMER



The time sensitive consumer will buy at a moment that is convenient for them and is far less affected by the price, often buying as a spur of the moment

# EVOLUTION OF PRICING





# INTRODUCING YOUR DYNAMIC PRICING



- Do you have enough customers?
- Is your web-shop up to date for presales
- Are there capacity issues on peak demand days
- Do you experience a bell curve in visitor levels
- Dynamic pricing is a strategy
- Are you able to back it up with marketing
- Do you think you can charge more on certain days
- Know your customer but do not underestimate him

# DO'S AND DON'TS

- Enable your strategy with marketing
- Communicate with “prices starting as low as”
- Do not lower your rates
- Do not change gate prices during the day
- Be bold but not greedy
- Make sure you back up your communication
- Have a clear communication plan
- Train your staff

# DYNAMIC FAILURE



In 2012, Cardiff announced a dynamic pricing structure, which was cancelled halfway in the season of 2013

# DYNAMIC SUCCESS



## Walkthrough location

1 million visitors per year

**6 months** of Dynamic Pricing

### Results:

- Visitors versus previous year **18,7%**
- ATR versus previous year **19,3%**
- Revenue versus previous year **22,7%**
- 23% increase in Online Ticket Sales

# ADVANTAGES OF DYNAMIC PRICING



- Better spread of visitors during the season
- Resulting in a better visitor “experience”
- Increased in park spending
- Accurately forecasting attendance
- Increase in average ticket price
- Increase in web sales and pre-sales
- Reducing the need for last minute promotional pricing
- Direct increase in bottom line revenue
- Ability to forecast staffing levels
- Pinpoint and direct promotional activities to the forecasted need periods
- Freedom to decide on price for visitors, no “surge” pricing

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Today's topic is about...

# How to get away with murder

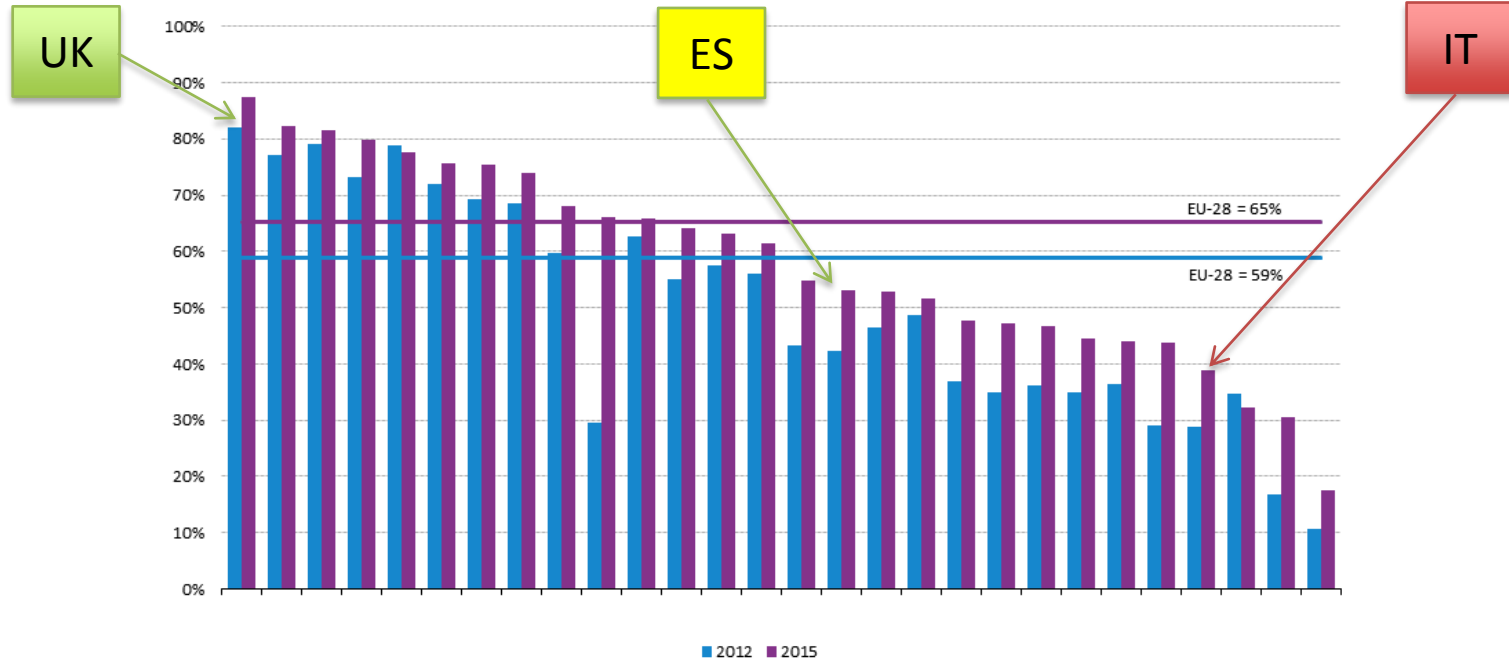
+ visitors  
+ revenue  
+ satisfaction

# We used to think...

- Guests only want special offers
- If competitors have 3 for 2, we should as well
- Kids free offers are right
- Italians don't go to parks with a cloudy sky
- We already invested too much on ticketing
- Italians don't buy on-line



# Individuals who purchased on-line in the last 12 months



# In this encouraging environment...

## MinitaliaLeolandia

- In 2012:
  - 439k guests -13% vs. PY after 4 years of growth
  - 9M € turnover
  - 8% tickets sold on-line
  - Ticketing software change to Regulus

**We decided to introduce  
dynamic pricing.**

**It was like committing suicide.**

**Or maybe not.**

# Action plan 2013

- Study of the competition and their special offers/at gate pricing
- Start of collaboration with PriceTag
- Re-shaping of distribution channels (5% of sales)
- Cut of all promotions (15% of sales)
- Training to all staff members
- New website
- CTA on all communication tools
- Dynamic price range from 13,50 € to 33,50 €

# MinitaliaLeolandia

**IMMAGINA  
CHE DIVERTIMENTO!**



**WOW!**



**PRIMA ACQUISTI, MENO SPENDI! SOLO SU [LEOLANDIA.IT](http://LEOLANDIA.IT)**

**RISPARMI  
FINO AL 40%**

**EAS**

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# The results after 2 months were...

## ...terrible.

- 44% perceived price as too high vs. 25% PY
- Attendance was -31%
- Surveys and Tripadvisor showed strong disappointment
- Shareholders were furious

# Though, by the end of the season

- -4% attendance
- -3% turnover
- 22% perceived price as too high vs. 25% PY
- Surveys and Tripadvisor stabilized
- Shareholders were worried
  
- But we had sold 18% of tickets on-line.

# So what, for 2014?



**SCEGLI**

MAGGIORI INFORMAZIONI

1

**UPGRADE**

2

**LOGIN**

3

**FINALIZZA**

4

**FILTRA EVENTI**

 **TUTTI**

 Giostre aperte

 Spettacoli



**SETTEMBRE 2014**



DOMENICA	LUNEDI	MARTEDI	MERCOLEDI	GIOVEDI	VENERDI	SABATO
	01	02 € 25	03 € 25	04 € 30	05 € 20	06 € 30
07 € 20	08	09 € 20	10 € 25	11 € 20	12 € 30	13 € 20
14 € 30	15	16 € 25	17 € 18	18 € 30	19 € 30	20 € 20
21 € 20	22	23 € 18	24 € 25	25 € 25	26 € 20	27 € 20
28 € 20	29	30 € 20	31 € 25			

**CERCHI IL PREZZO PIÙ BASSO?**

GUARDA I COLORI



TROVA IL GIORNO  
PIÙ ECONOMICO

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# Leolandia

38 attrazioni per bambini  
a 2 passi da Milano

**Prima acquisti, meno spendi!**  
Solo su **leolandia.it**

da  
**€ 13<sup>,50\*</sup>**

\* Prezzo base dei biglietti interi a data fissa pre-acquistabili su leolandia.it.  
Disponibilità limitata.

Incontra Peppa  
a Leolandia



Peppa Pig © Astley Baker Davies Ltd/Entertainment One UK Ltd 2003.

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# United we fight!

- Peppa Pig's arrival
- New brand and new styleguide
- Same price range but more courage
- New website

# And the results...

- +30% attendance: best season ever
- +39% turnover
- Surveys and Tripadvisor skyrocket
- Shareholders are happy
- And we had sold 22% of tickets on-line.

# Today

- 2<sup>nd</sup> park in Italy according to Tripadvisor, 14<sup>th</sup> in Europe
- +24% attendance YTD: best season ever, over optimistic budget
- +38% turnover YTD
- Shareholders are celebrating
- And we have sold 44% of tickets on-line.

# What we've learned

- Our guests are not stupid
- Being innovative is key
- You have to find courage and not surrender to fear
- You have to be clear:
  - best price warrantee
  - for direct channel and intermediates
  - Use it as a CTA, not as a USP
  - share the risk with your guest and protect him (i.e. rain ticket)
  - we don't sell tickets, we sell experiences



# Now we think

- Guests want higher value for money
- If competitors have 3 for 2, we won't
- Kids free offers are not right
- Italians go to parks with a cloudy sky (sometimes)
- We will go on investing on ticketing
- Italians buy on-line

THE **FUN** BEGINS  
AT EAS 2016  
JOIN US!

...Happily ever after!

Massimiliano Freddi  
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