



SMART  PRICER

The successful introduction of Dynamic Pricing in Ski resorts

 **MATTERHORN**
ZERMATT BERGBAHNEN

Berlin, 2021

Background and challenges of the Zermatt Bergbahnen AG in Ticketing

Background

-  **Company:** Zermatt Bergbahnen AG
-  **Geography:** Switzerland – Valais
-  **Ticket sales:** +60 Mio. CHF
-  **Kilometers of slopes:** 322 km
-  **Ticketing-system:** Skidata
-  **Pricing strategy:** statically differentiated (3 seasons)

Challenges

Low online sales
(below 5%)

High proportion of short-term
bookings, high weather dependency



Stagnating
ticket sales

High proportion of one-day tickets, although
many guests are on site for several days

The evolution of pricing at Zermatt ski resort since 2017/18 took place in 3 steps

1 Winter 2017/18

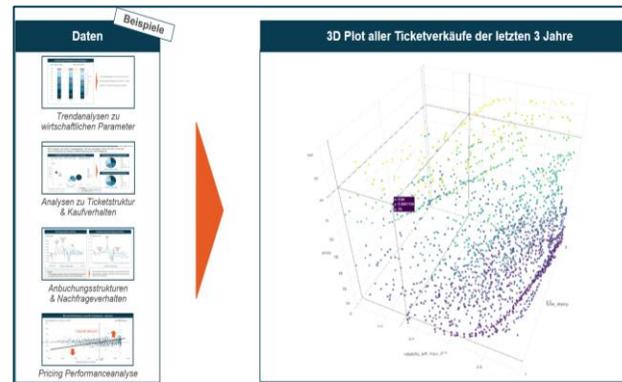
Original static pricing

TAGE	ZERMATT	INTERNATIONAL (ZERMATT-CERVINIA)
1/2 ab 12.15 Uhr*	60 CHF	-
1	80 CHF	85 CHF
2	150 CHF	155 CHF
3	200 CHF	210 CHF

- Zermatt vs. Zermatt-International
- Discounts for multi-day tickets
- Differentiation according to person type

2 Winter 2018/19

Data analysis and static price optimization



- Optimization of pricing through:
- Introduction of 3 optimized seasonal periods
 - Cash register service surcharges
 - Online discounts

Decision: Use of pricing software

3 Winter 2019/20 - today

Dynamic Pricing



- Step 1: Dynamization exclusively "by hand" through One-Click Price Control
- Step 2: Dynamization in the autopilot with the possibility to continue to override "by hand"

Showcase Zermatt: The successful introduction of Dynamic Pricing in ski resorts



Markus Hasler
CEO

Zermatt Bergbahnen AG

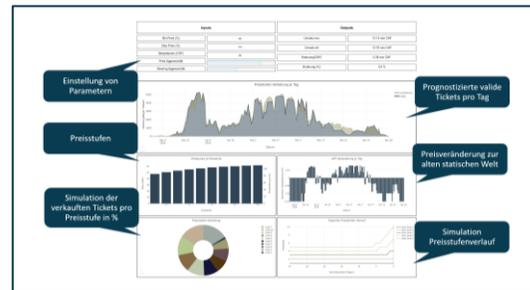


“Smart Pricer offers a unique combination of price consulting, analytics and software. They helped us develop a dynamic pricing scheme and customized their software to manage the new scheme effectively...”

Dynamic Pricing can be implemented in three steps

1

Analyse & simulate data



- Smart Pricer ticketing & pricing analysis
- Simulation of different price settings (min. / max. prices, price levels, etc.)

2

Define pricing strategy



- Definition of pricing strategy and rules
- Set-up price update process

3

Go-live & communicate



- Automated ticket pricing incl. prediction & price recommendations
- Adjust customer communication

1 First, we conduct an analysis of the historical ticket data

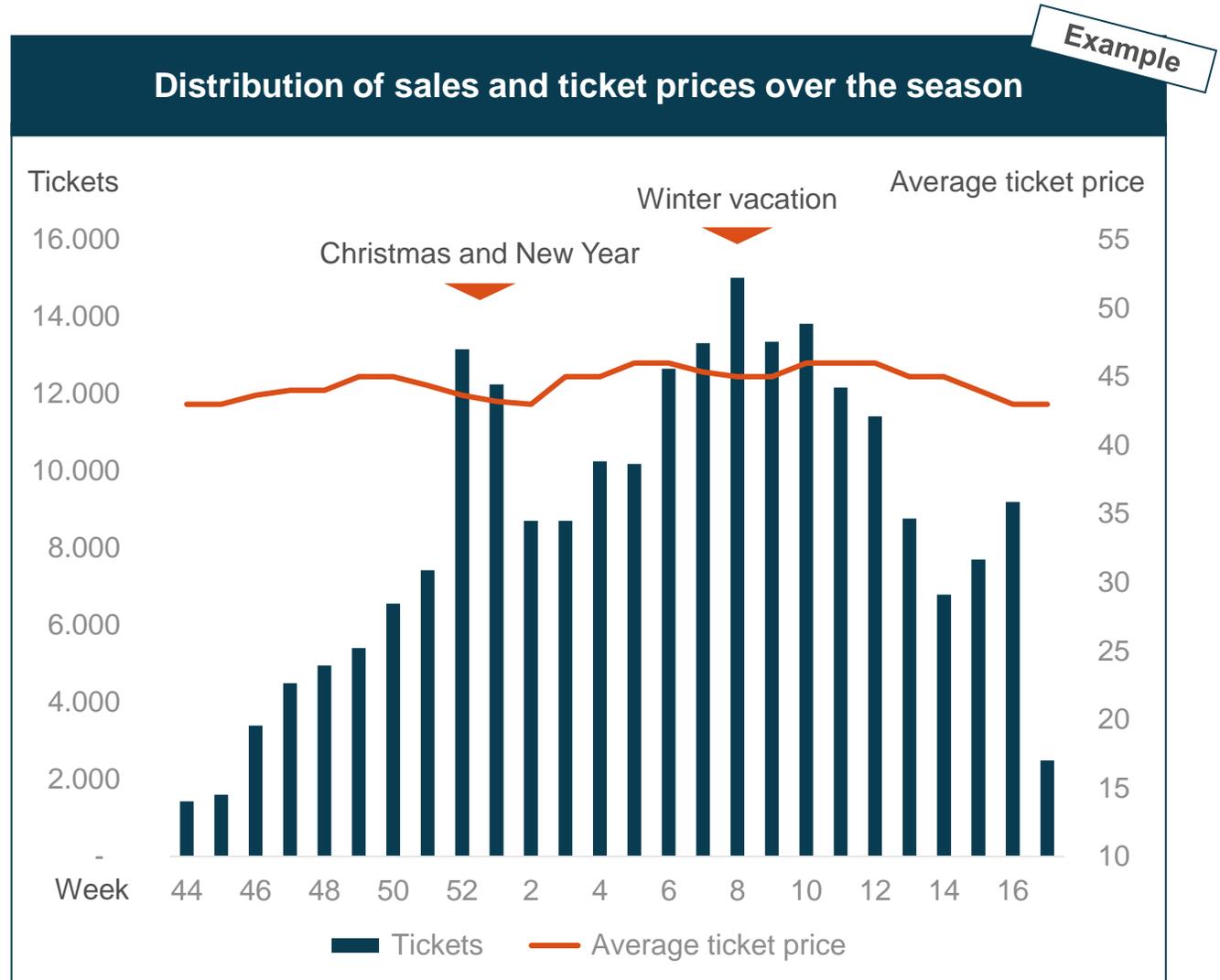
Analyses

Trend analyses of economical KPIs

Ticketing structure & purchasing behaviour

Pre-sales & demand performance over time

Pricing performance



1 ... through a comprehensive simulation we can predict revenue and price effects of dynamic prices relatively accurately

Inputs

Speed of price adjustments

Revenue impact

<input type="text" value="65"/>	Outputs
Steering Aggressiveness <input type="range"/>	Revenue new: 49.33 mio CHF
Save Config	Revenue old: 45.59 mio CHF
	Change(CHF): 3.74 mio CHF
	Change (%): 8.2 %

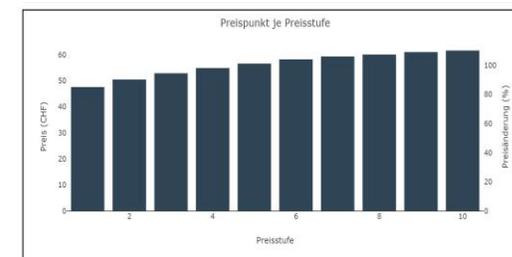
Price change per Price Level (PL)									
PL 1	PL 2	PL 3	PL 4	PL 5	PL 6	PL 7	PL 8	PL 9	PL 10
89 %	92.7 %	96.3 %	100 %	102.7 %	104.5 %	106 %	107 %	112.5 %	117 %

Prices per price level

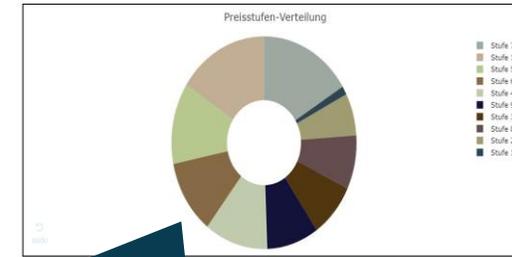
Seasons				
	From	To	Min PL	Max PL
	01.11.2018	26.11.2018	1	10
Grundsaison_1	27.11.2018	22.12.2018	4	10
Hochsaison_1	23.12.2018	09.01.2019	8	10
Grundsaison_2	10.01.2019	28.01.2019	4	10
Hochsaison_2	29.01.2019	13.03.2019	8	10
Grundsaison_3	14.03.2019	24.04.2019	4	10
	25.04.2019	01.05.2019	1	10

Min and max prices per season time

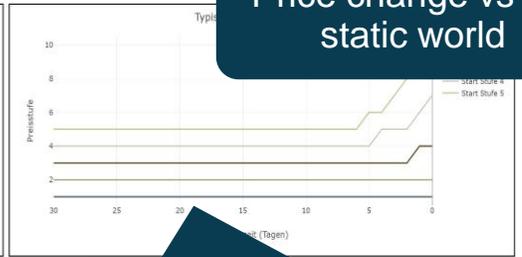
Outputs



Price change vs old static world



No of tickets per price level



Simulation price over time depending on time of purchase

2 Second, we define the pricing strategy and the "rule-set" together



„Scope“

The entire ski resort or only a part of it

Ticket type

1 - 30 day tickets or other ticket types

POS

Online versus all channels

Min./ max. prices

For example:
Min. = 55 CHF, max. =79 CHF

Frequency of updates

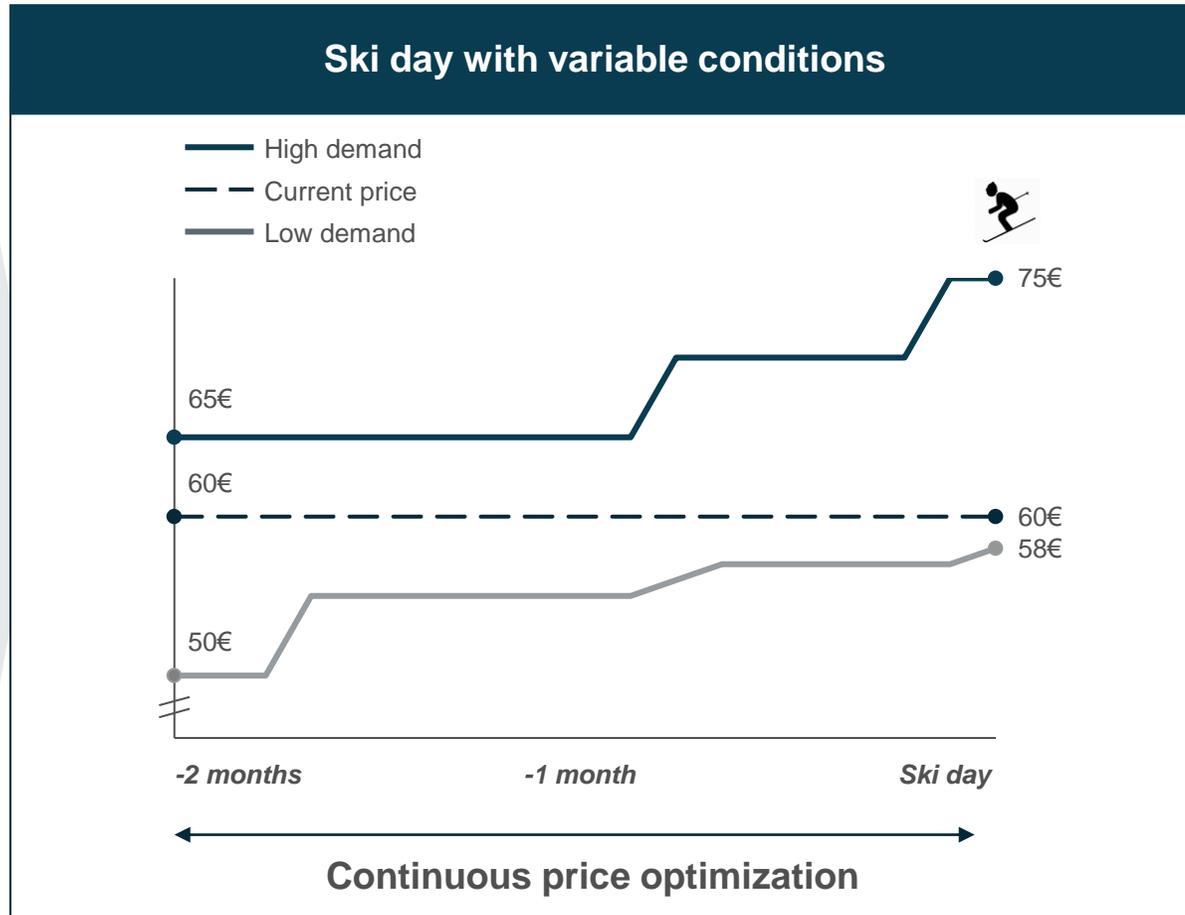
Weekly, daily or hourly price
adjustments

2 How could a ski day look like for two different demand scenarios?



Relevant factors:

- Basis version:
 - Week and day
 - Pre-sales
 - School holidays
- Oncustomer demand:
 - Weather
 - Hotel occupancy in town



3 Third, we adjust the customer communication - a key success factor in the introduction of Dynamic Pricing

Dynamic prices & early booker discount in the webshop

MO DI MI DO FR

16 DEZ 17 DEZ 18 DEZ 19 DEZ 20 DEZ

23 DEZ 24 DEZ 25 DEZ 26 DEZ 27 DEZ 28 DEZ 29 DEZ

30 DEZ 31 DEZ 1 JAN 3 JAN 4 JAN 5 JAN

Weak days with low demand = lower ticket price

Strong days starting from 26.12 with high demand = higher ticket price

Differentiation by age

ADULTS
yys ski pass Zermatt

YOUTH (3 days)

CHF 184.00
5% early bird discount
CHF 175.00

CHF 149.

ADD TO CART

Press release on the new pricing strategy

Transparency: „reward customers for booking weeks and days in advance or for multi-day stays“

Positiv Message: „reward with attractive prices“

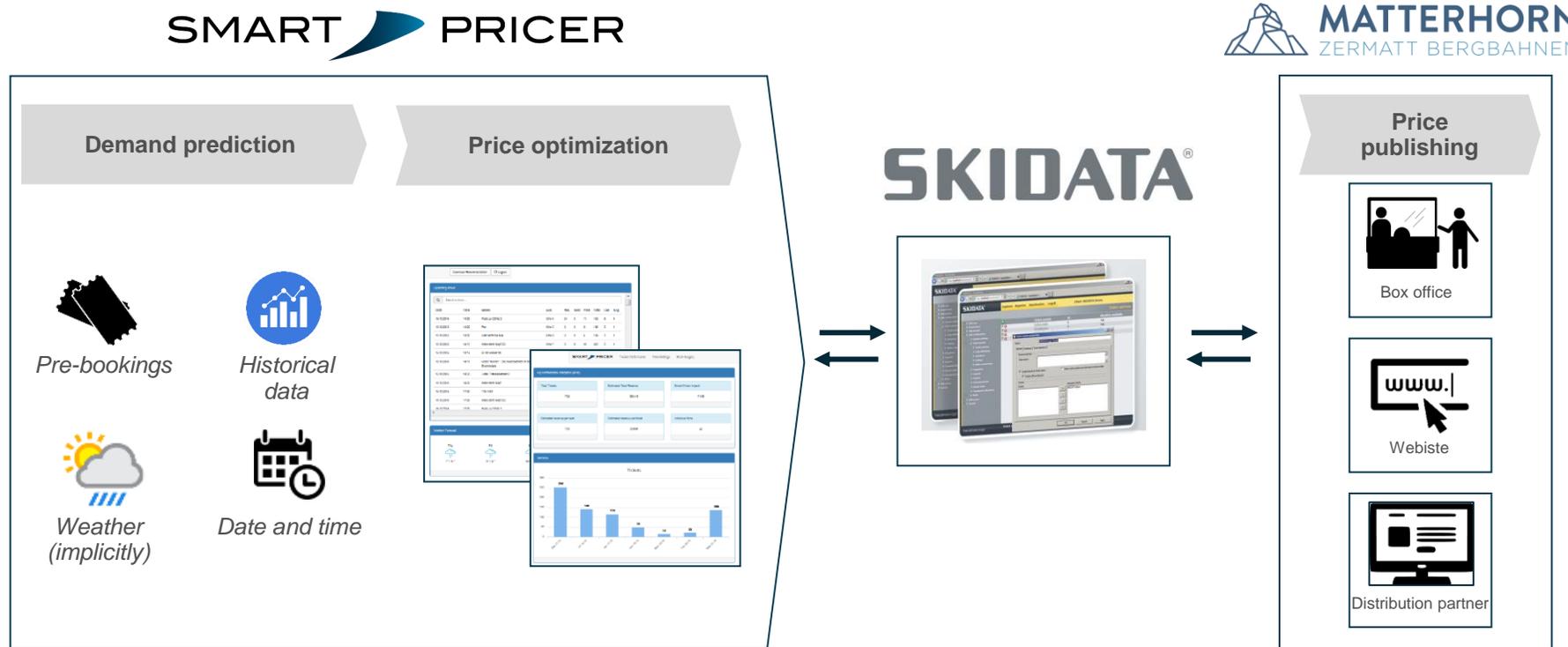
ZERMATT, SCHWEIZ UND BERLIN, DEUTSCHLAND – 13. März 2018

Die Zermatt Bergbahnen AG (ZBAG), Betreiber des bekannten Schweizer Skigebiets am Fusse des Matterhorns, und Smart Pricer, Europas führender Anbieter für Dynamic Pricing Software und Beratung im Sport und Entertainment-Bereich, haben gemeinsam ein neues dynamisches Preismodell erarbeitet, welches auf die Wintersaison 2018/19 eingeführt werden soll. Die dynamischen Preise werden anhand von Auslastung, Nachfrage und Buchungszeitpunkt festgelegt.

Answer to the „why“: „to plan operations better... And shorten waiting lines“

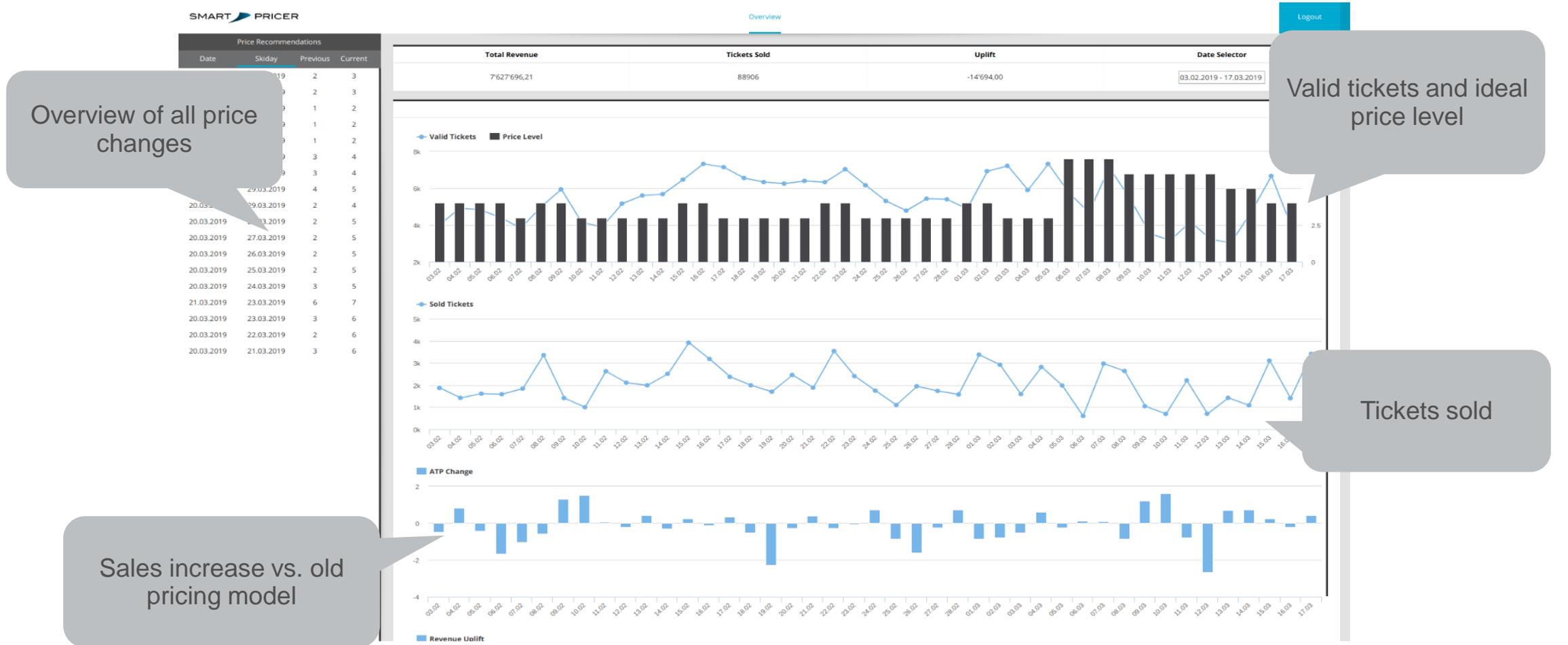
„Mit dem neuen Preismodell möchten wir jene Gäste mit attraktiven Preisen belohnen, die sich schon Wochen oder Tage im Voraus für einen mehrtägigen Aufenthalt in unserem Skigebiet entscheiden. Dies wird uns helfen, unsere Betriebsabläufe besser zu planen und Wartezeiten an Kassen und Liften zu verkürzen.“, sagt Markus Hasler, CEO, der ZBAG.

3 LIVE – Our Smart Pricer service predicts demand and optimizes prices automatically, the ski resort remains in full control



- ✓ Ski resort sets the framework for the pricing strategy (min. /max. prices, speed of price adjustments, etc.)
- ✓ Smart Pricer optimizes fully automatically in the background based on a predefined rule set

With the Smart Pricer webtool, mountain railroads always keep track of...



Overview of all price changes

Valid tickets and ideal price level

Sales increase vs. old pricing model

Tickets sold

[Link to the demo tool](#)

...and retain full control over prices at all times

Overview Price Control

Overview of all days on sale

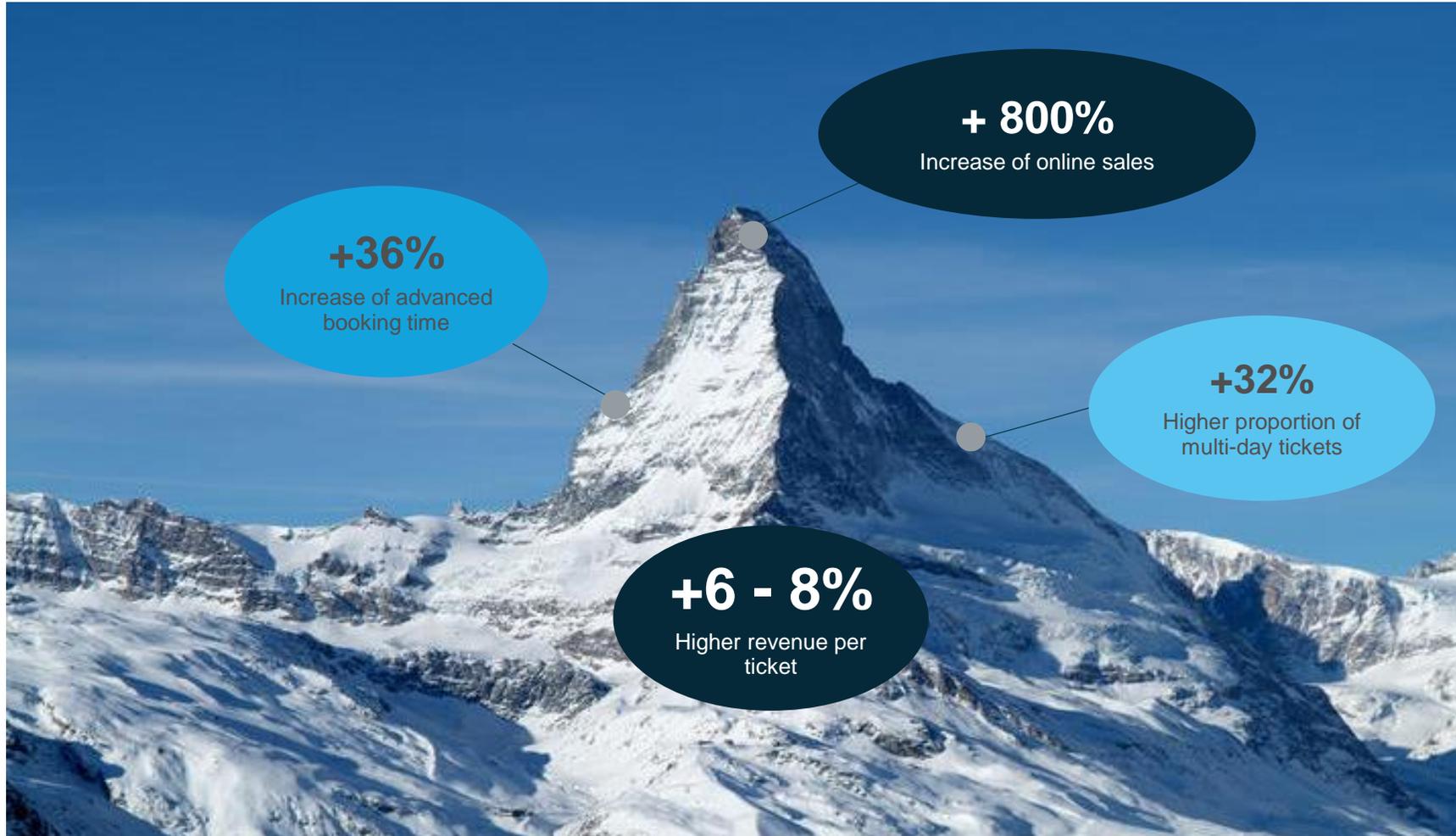
Price level overwrite function

Date	Valid Tickets	Price Level	Price Level Overwrite
05.12.2020	5	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
06.12.2020	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
07.12.2020	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
08.12.2020	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
09.12.2020	1	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
10.12.2020	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
11.12.2020	5	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
12.12.2020	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
13.12.2020	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
14.12.2020	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>
	0	1	<input type="text" value="0"/> <input checked="" type="checkbox"/>

Overview of tickets already sold per day

Automated price adjustments

The effects since the introduction of "Smart Pricing" at the Zermatt ski resort



Results overview after two years of successful cooperation

- ✓ **Ticketing revenue:** +4 - 6% enhancement of ticketing revenue versus comparable seasons
- ✓ **Ticket price:** +3 - 5% increase of average ticket price/ revenue per skier day
- ✓ **Online share:** Improved more than +600% since cooperation
- ✓ **Ticket type distribution:** +30 - 40% increase in multi-day ticket sales
- ✓ **Steering attendance:** +2 - 3% more first-time admissions on weak days



Other Dynamic Pricing partners of Smart Pricer:

