



SMART  PRICER

## The successful introduction of Dynamic Pricing in Ski resorts



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

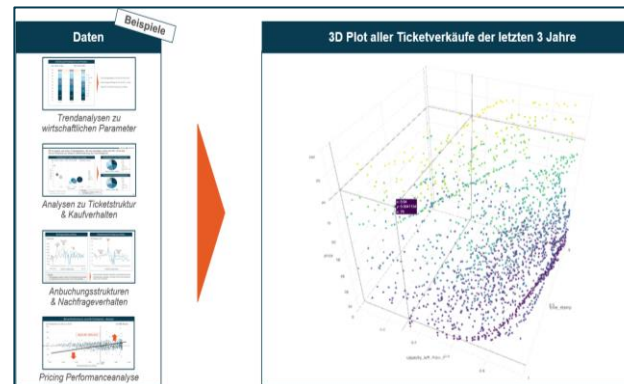
# The evolution of pricing at Zermatt ski resort since 2017/18 took place in 3 steps

## 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

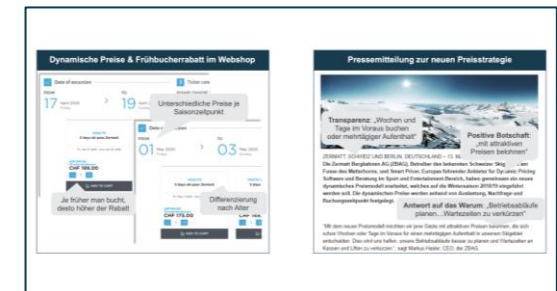
### Define pricing strategy



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

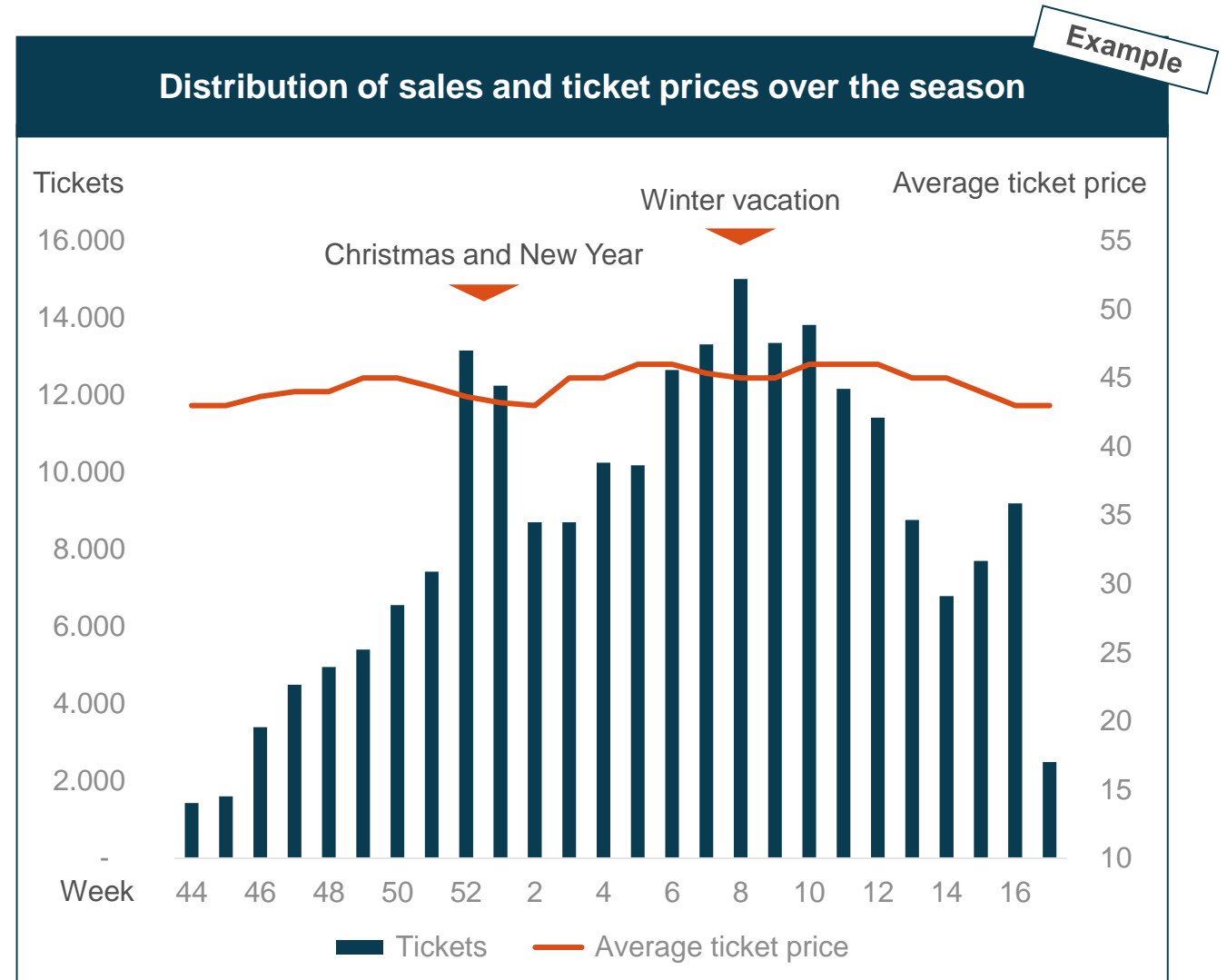
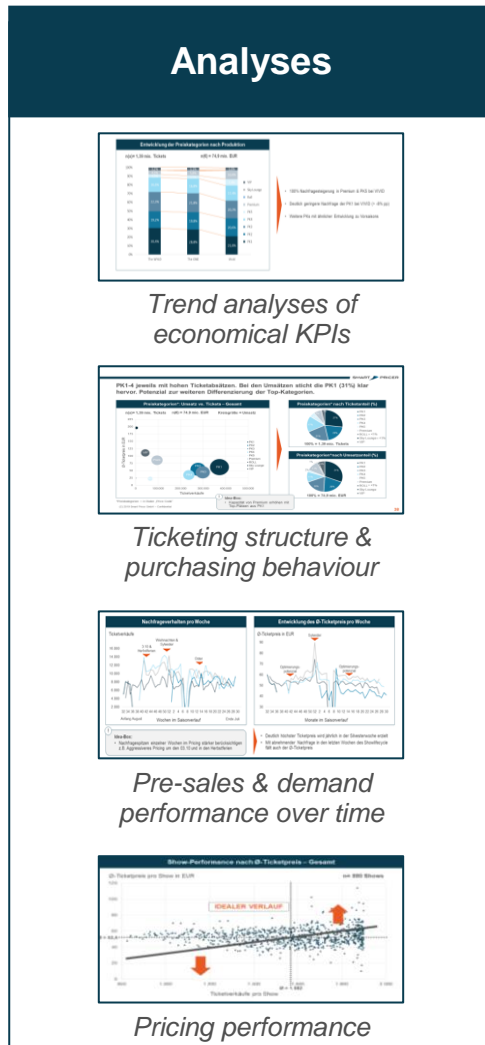
3

### Go-live & communicate



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

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



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

## Inputs

Speed of price adjustments

Revenue impact

Inputs		Outputs	
Steering Aggressiveness	65	Revenue new	49.33 mio CHF
		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

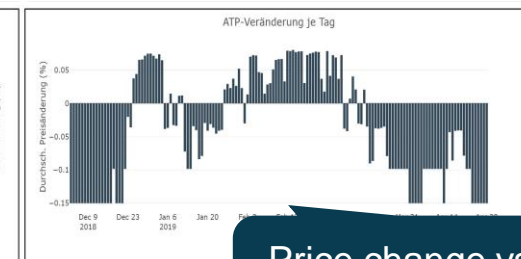
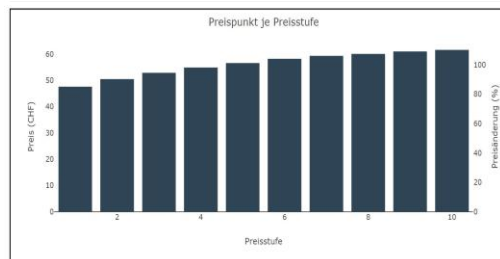
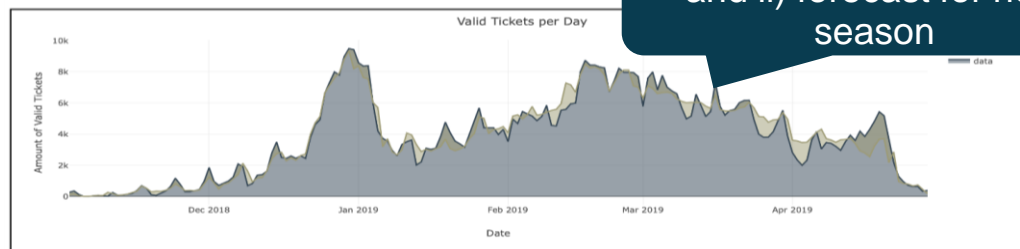
Season	From	To	Min PL	Max PL
Grundsaision_1	27.11.2018	22.12.2018	1	10
Hochsaision_1	23.12.2018	09.01.2019	8	10
Grundsaision_2	10.01.2019	28.01.2019	4	10
Hochsaision_2	29.01.2019	13.03.2019	8	10
Grundsaision_3	14.03.2019	24.04.2019	4	10
	24.04.2019	01.05.2019	1	10

Min and max prices per season time

## Outputs

Exemplary data

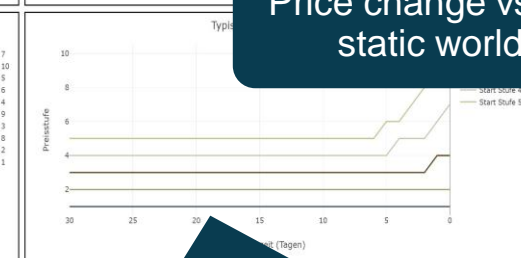
Tickets per day i) last season and ii) forecast for next season



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

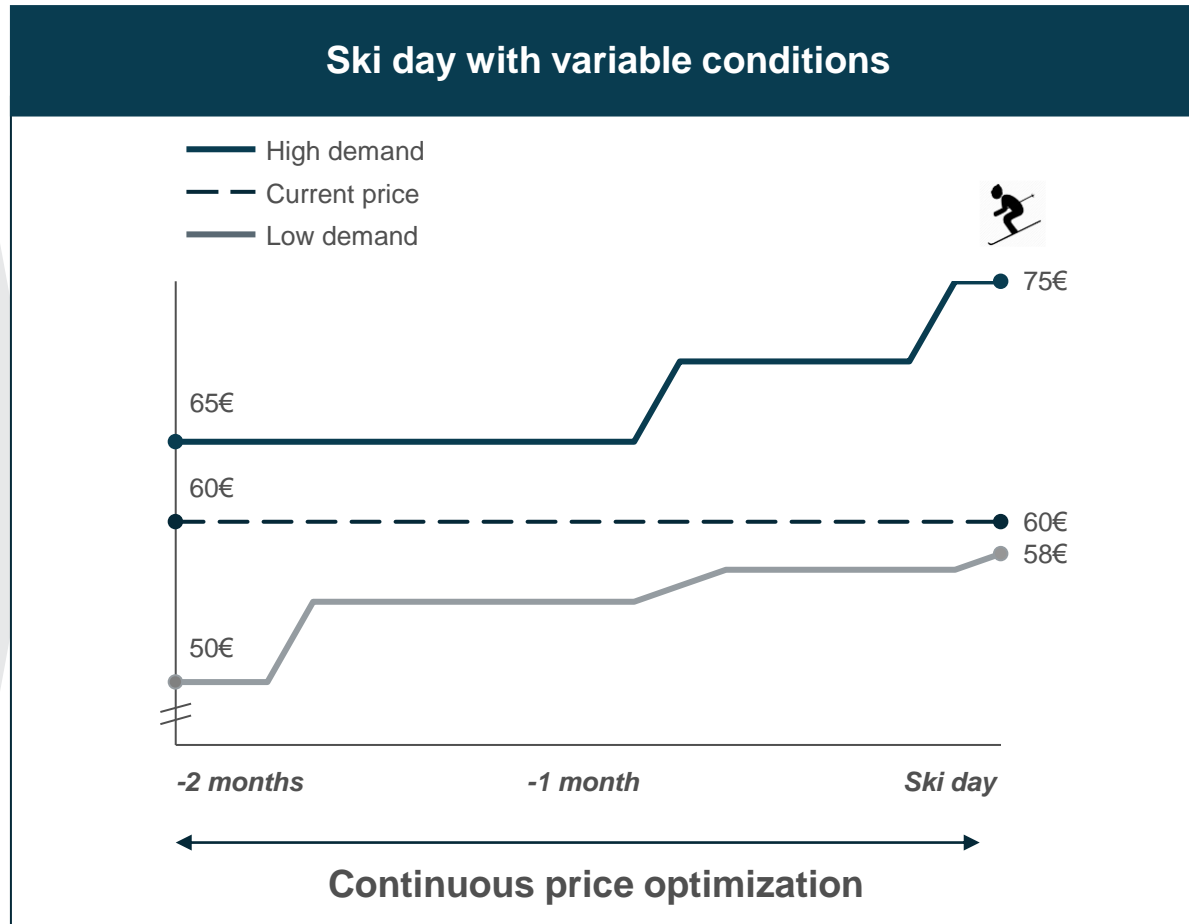
Weekly, daily or hourly price  
adjustments

## 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



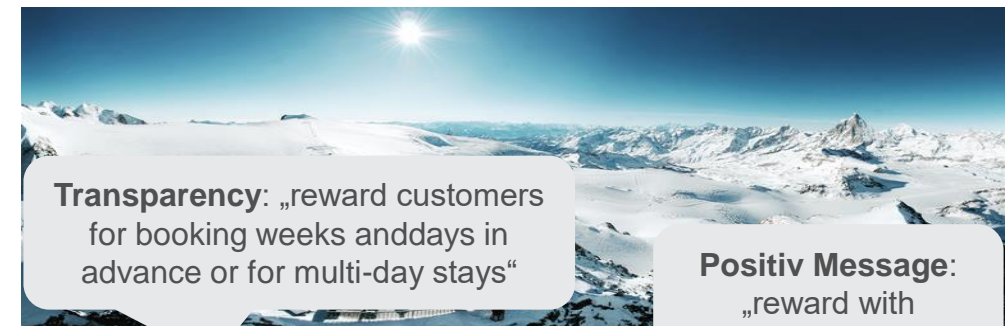


### 3 Third, we adjust the customer communication - a key success factor in the introduction of Dynamic Pricing

#### Dynamic prices & early booker discount in the webshop

The screenshot shows a calendar interface for booking ski passes. The calendar displays dates from December 16 to January 5. Prices are shown for each date, with green highlights indicating 'Snow Deal' periods. A callout box points to the dates 16-20, stating: "Weak days with low demand = lower ticket price". Another callout box points to the dates 26-31, stating: "Strong days starting from 26.12 with high demand = higher ticket price". The interface also shows a date selector for "03 May 2020 Sunday" and a price of "CHF 175.00" for an adult ski pass. A callout box points to the price, stating: "Differentiation by age".

#### Press release on the new pricing strategy



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

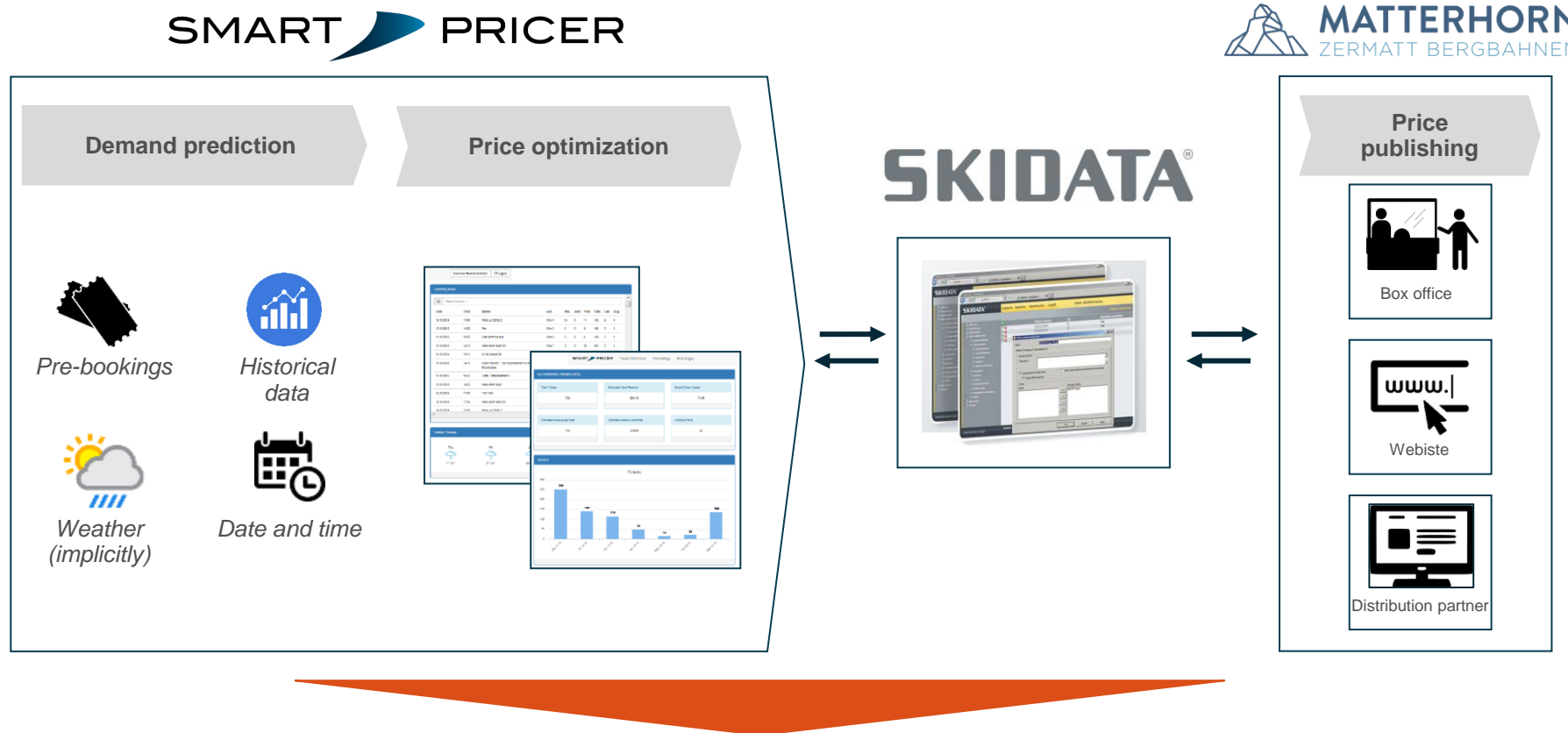
**Positiv Message:** „reward with attractive prices“

ZERMATT, SCHWEIZ UND BERLIN, DEUTSCHLAND – 13. März 2019. 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“

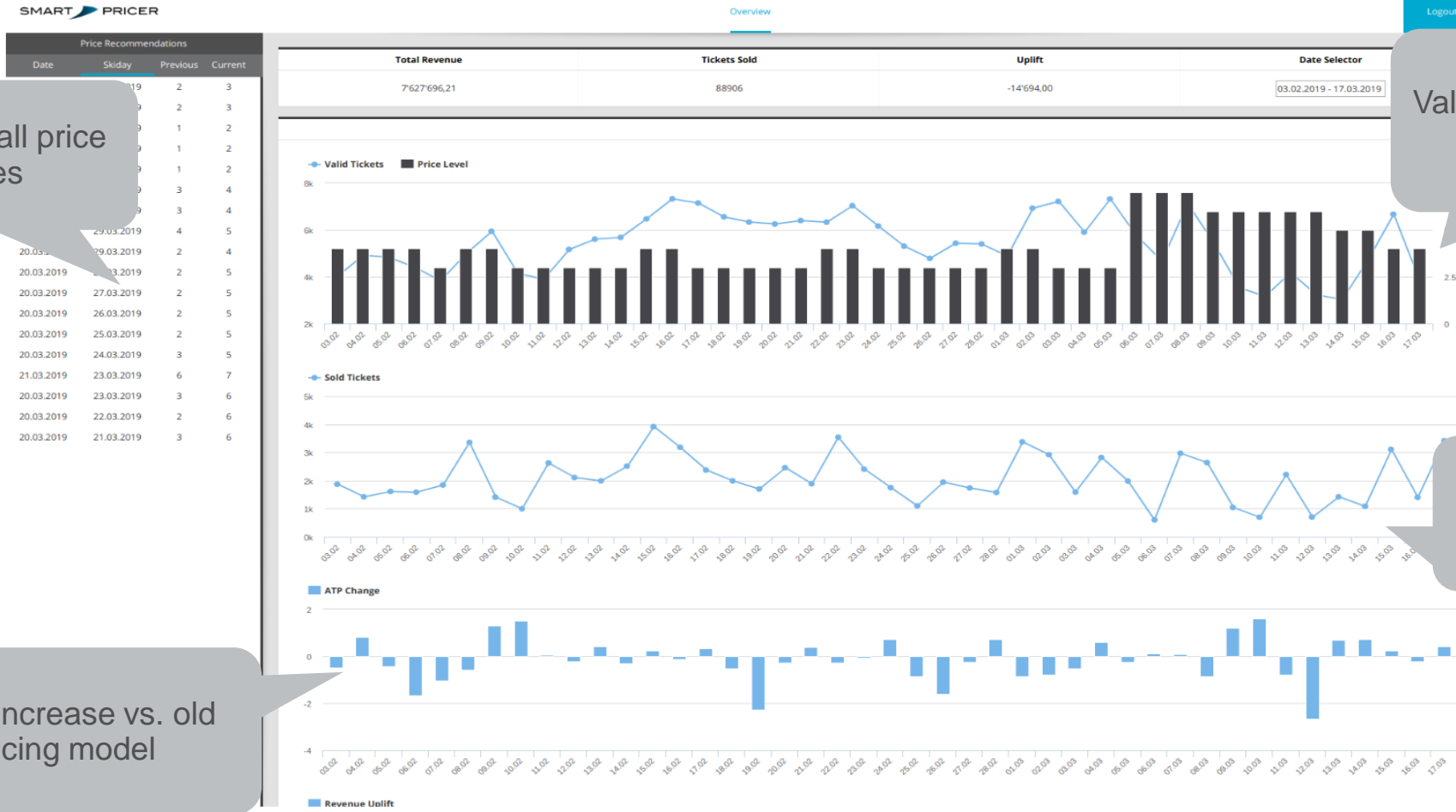
„Mit dem neuen Preismodell möchten wir jene Gäste mit attraktiven Preisen belohnen, die sich schon Wochen oder Tage im Voraus für einen mehrtägigen Aufenthalt in unserem Skigebiet entscheiden. Dies wird uns helfen, unsere Betriebsabläufe besser zu planen und Wartezeiten an Kassen und Liften zu verkürzen.“,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

Tickets sold

Sales increase vs. old pricing model

[Link to the demo tool](#)

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

Overview Price Control

Overview of all days on sale

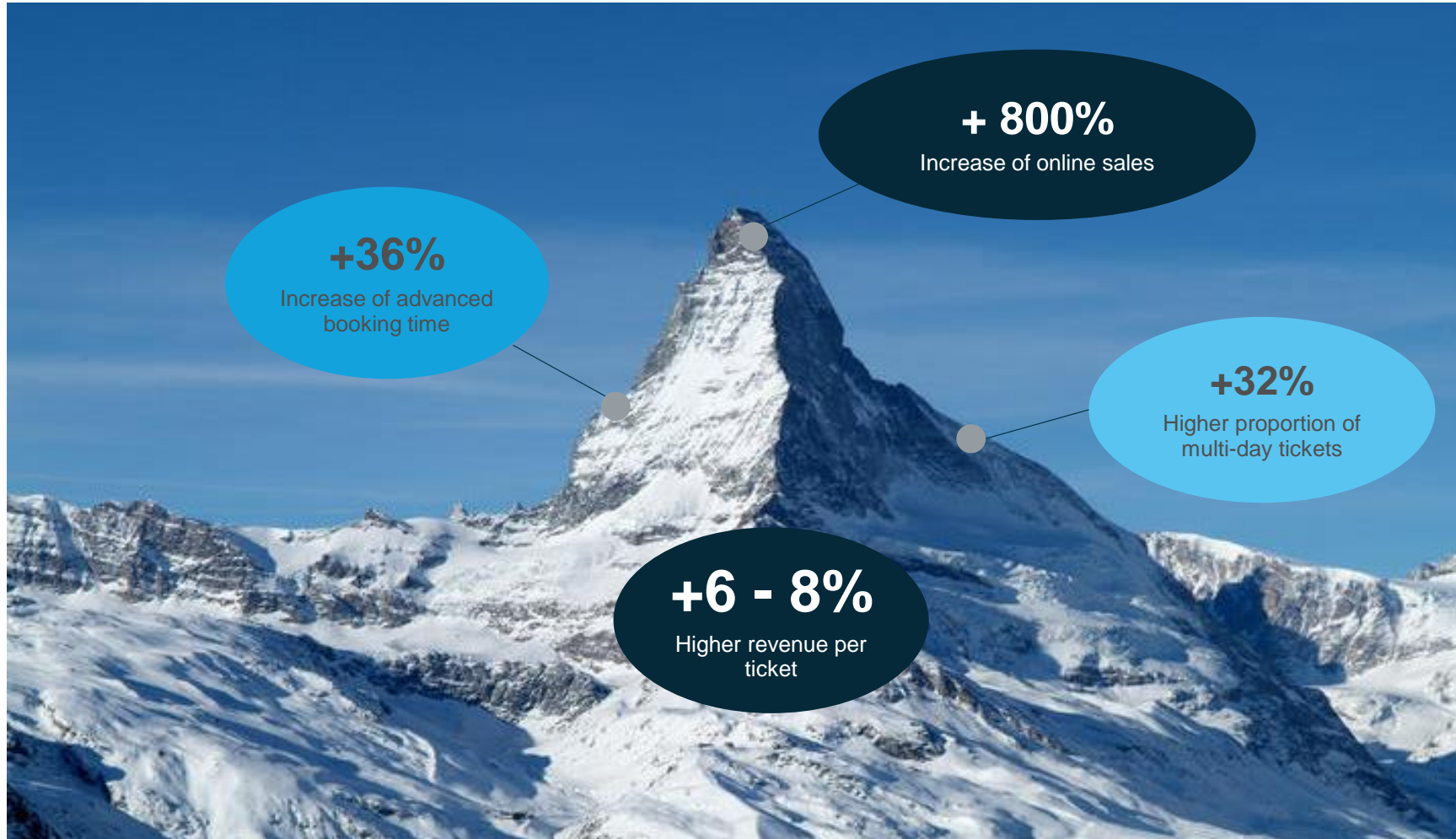
Price level overwrite function

Overview of tickets already sold per day

Automated price adjustments

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"/>
15.12.2020	0	1	<input type="text" value="0"/>	<input checked="" type="checkbox"/>
16.12.2020	0	1	<input type="text" value="0"/>	<input checked="" type="checkbox"/>
17.12.2020	0	1	<input type="text" value="0"/>	<input checked="" type="checkbox"/>
18.12.2020	0	1	<input type="text" value="0"/>	<input checked="" type="checkbox"/>
19.12.2020	0	1	<input type="text" value="0"/>	<input checked="" type="checkbox"/>
20.12.2020	0	1	<input type="text" value="0"/>	<input checked="" type="checkbox"/>

## 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:

