



SMART PRICER

Pricing Case Study

Customer Biography

EV Zug is the largest ice hockey club in central Switzerland, holding the titles Swiss Ice Hockey Vice Champion as well as the Swiss Ice Hockey Cup Winner 2019. The club has been a vital part of the Swiss sports landscape for almost 70 years. An innovative sports company, they focus on supporting young players, sportsmanship and continuously improving both strategic and operational processes. Their home is Bossard Arena that can hold up to 7200 fans and which they regularly fill to 97%.



Customer Pricing Challenges

- Despite high overall attendance, fluctuation between games is normal, potentially decreasing profitability and damaging fan experience
- A high percentage of tickets are booked shortly before games at the box office
- Traditional pricing strategies and outdated technology do not support an otherwise forward-looking and innovative club

Project Description

Smart Pricer assisted EV Zug in designing a fully automated real-time dynamic pricing strategy. The one of a kind system, allowing price changes to happen based on preset parameters without human intervention, was made possible by Smart Pricer's partnership with Secutix, EVZ's ticketing system.

Customer Goals

- **Even out demand** and **increase overall number of visitors** to ensure profitability and improve fan experience
- Make **home games with lower attendance more affordable** and stimulate demand
- Create an innovative pricing strategy that aligns with the club's **forward-looking mindset**
- Incentivize **online sales** and increase the share of **pre-bookers** to decrease lines at the box office

"We are pleased to have found a club as innovative as EV Zug for the pricing partnership with Smart Pricer. We are confident that many more sports clubs will follow this example."

Norbert Stockmann
Managing Director DACH, Secutix

Smart Pricer's Solution

Smart Pricer's solution was a **fully-automated dynamic pricing strategy**. Dynamic pricing is flexible, allowing the machine-learning algorithm to adjust ticket prices in real time based on demand and other parameters. This provides revenue-opportunities, incentivizes early and online bookers with more attractive prices and guarantees that season tickets remain at the lowest price. Specifically the strategy allows:

- Prices to be set based on demand
- The reward of early and online bookers
- Guaranteed low price for season-tickets
- Price-decreases for less popular EV Zug home games

Smart Pricer's Pricing Process

Smart Pricer used a 5 step process to manage the project.

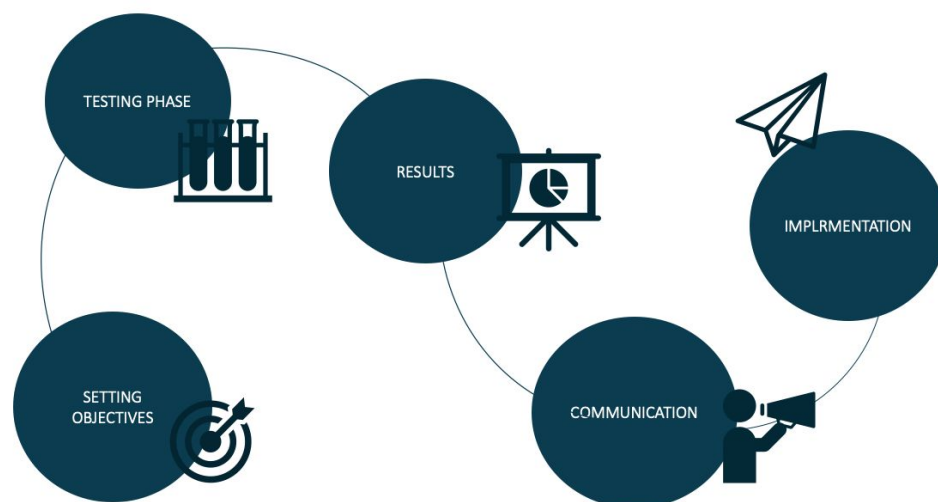


Fig. 1: Process to manage the project



1) Setting Objectives

What are we trying to achieve?

Smart Pricer worked with EV Zug to identify key objectives regarding their dynamic pricing strategy. The four objectives chosen were:

- Use pricing as a lever to increase attendance in the Bossard Arena during less attractive games
- Better utilize the stadium's capacity to improve the fan experience
- Push booking online and incentivize early purchase
- Retain control by setting price limits, selecting affected ticket categories and intercepting price changes

"We don't implement dynamic prices to maximize our ticket prices. Instead, we want to optimize the stadium utilization during games against less popular opponents, on less attractive weekdays or time of the year. We want to keep getting better. In all areas."

Patrick Lengwiler
CEO, EV Zug



2) Testing Phase

EV Zug decided to test real-time dynamic prices with Smart Pricer. During the 2019 season, three championship games were dynamically priced in real time. Cheaper tickets were offered for early bookers and less popular games. A price range of 4 CHF was set. For the second to last home game, 37 price-adjustments occurred for standing tickets.

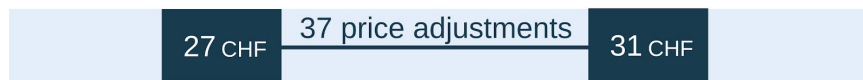


Fig. 2: Pricing during test second to last home game

"Some games are sold out within minutes, while the demand for others is considerably less. With a flexible pricing model we can react to that much better. We're excited to see the results of this testing phase."

Patrick Lengwiler
CEO, EV Zug



3) Results

The results of the testing phase were conclusive. The 5% increase in revenue led EV Zug to introduce dynamic prices for all national league games in the 2019/20 season.

“The successful test phase of dynamic Pricing in the 2018/19 season convinced us. For us it’s especially important that we, despite the automatization, stay in control of ticket prices by setting and defining the price range ourselves.”

Patrick Lengwiler
CEO, EV Zug



4) Communication

Fans at first voiced concerns, fearing that dynamic pricing would equal higher prices. CEO Patrick Lengwiler openly shared the club’s goals and the strategy’s positive effect for fans. Pricing examples highlighted that there should be no overall increase in prices, instead ticket prices would decrease up to 30% and increase at most 10% over the previous season. The club met with fans and published press releases including pictures of the online pricing scheme.

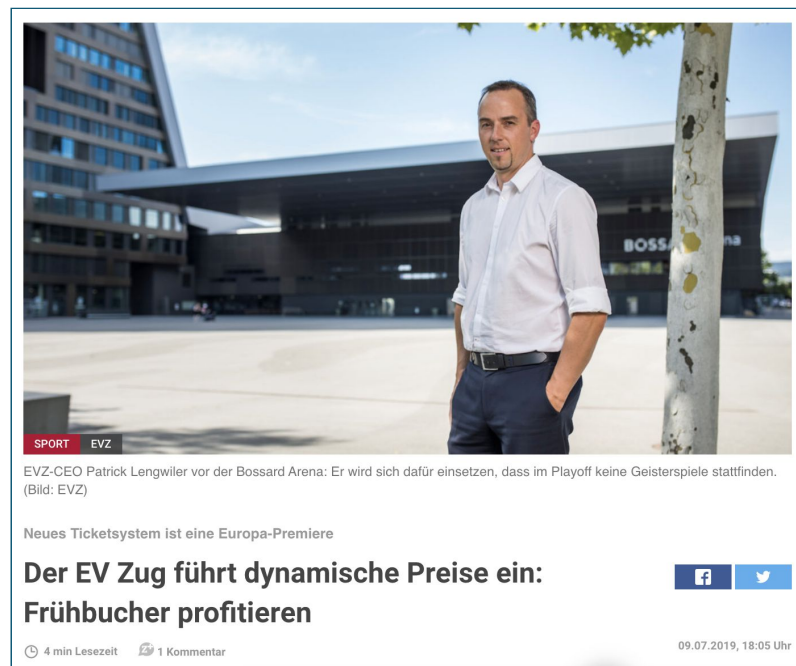


Fig. 3: Official Statement of CEO Patrick Langwiler in the Swiss Newspaper *Zentralplus*

Additionally, they provided an FAQ page on their website for the new model and clearly labelled the price range per category with “from”. Open communication enabled fan acceptance and led to no more complaints.

FAQ ZUM PREISSYSTEM	
WAS PASSIERT MIT DEM PREIS FÜR MEINE DAUERKARTE?	▼
FÜR WELCHE SPIELE GILT DAS NEUE PREISSYSTEM?	▼
WIE ERFAHRE ICH DEN AKTUELL GÜNSTIGSTEN PREIS?	▼
STEIGEN MIT DEM NEUEN PREISMODELL DIE TICKETPREISE?	▼

Fig. 4: FAQ on the new price system on EV Zug's homepage



5) Implementation

From the 2019/20 season onward, prices for less frequented EV Zug home games will **drop by 30%**. The club decided to dynamically price seating and standing-room ticket categories. Prices for season tickets, dine & view tickets, rink seats, EVZ Marketplace and guest standing tickets are not included in the dynamic pricing model.

Prices are based on a real-time demand forecast for every game and price category. Several factors determine the starting price for each match: The lower the expected demand, for example during mid-week games with less attractive opponents, the lower the initial ticket price.

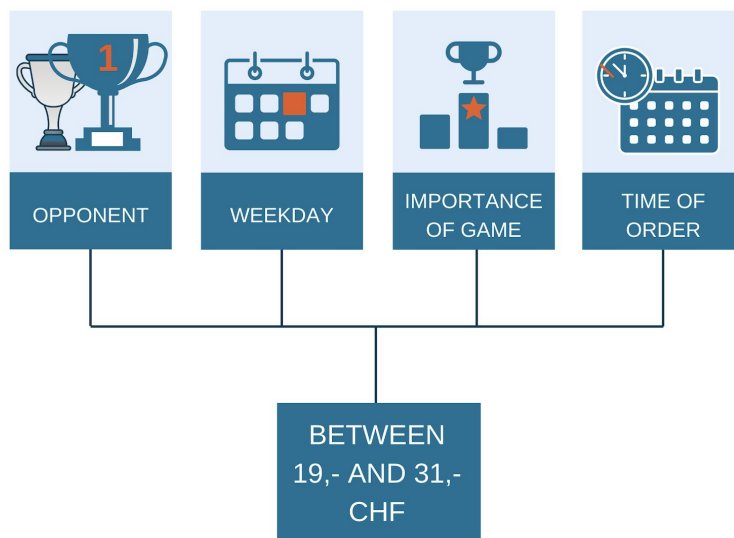


Fig. 5: Parameters that affect starting price for ticket category "seating adults"

Price ranges are set for selected ticket categories and then price updates are controlled by preset parameters selected by the customer. Price optimization runs fully-automated in the background, but the system allows anyone responsible to check the price adjustments and

interfere or correct them. Two hours before a game, the price is frozen and then available at the box office.

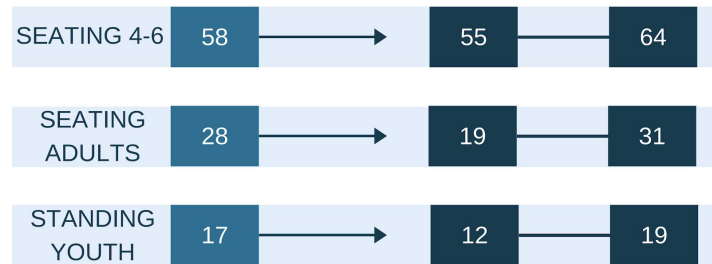


Fig. 6: ticket categories affected by DP

After the Season...

- ✓ Number of Visitors: 15.3% increase of visitors
- ✓ Revenue: >5% increase at top games
- ✓ Online share: Increased by more than +25 pP
- ✓ Pre-Booker: Pre-bookers increased and box office relieved
- ✓ Customer reaction: Very good – no complaints during the entire season
- ✓ Price updates: On average 20 per game



Fig. 7: increase of ticket sales after the implementation of dynamic prices

The implementation of dynamic prices, as well as higher sales of season tickets and the sporting success of EV Zug lead to the increase of ticket sales. EV Zug observed that ticket sales were more consistent between games, that fans increasingly booked sooner and online and that general attendance increased.

Key Learnings

- Clear objectives made it easier to create and enact a pricing strategy
- The Secutix partnership allowed the smooth implementation of real-time update technology
- Customer communication can ensure the success of any change in pricing strategy if handled openly and proactively
- While sport clubs' success depends on the sporting achievements of the teams, innovative technology can ensure and provide for stable profitability

“For us, back then, it was mostly about understanding the fully-automated ticketing system with all possible parameters. It works flawlessly.”

Patrick Lengwiler
CEO, EV Zug

About EV Zug

EV Zug is a unique, successful and innovative sports company. Around 120 full-time employees and 520 part-time employees work in sports, management, young talents and catering/gastronomy. With 14 youth teams and the in-house training concept *The Hockey Academy*, EV Zug is committed to sustainable and long-term youth promotion and has had its own farm team in the Swiss League since 2016. Since 1987, EV Zug has been playing in the highest Swiss league, won the Swiss championship title for the first time in 1998, the Swiss Ice Hockey Cup in 2019 as well as the vice-championship title for the fourth time. After the successful partnership with Smart Pricer, EV Zug is now the first European sports club with fully-automated dynamic pricing.

About Smart Pricer

Smart Pricer solves business problems with advanced pricing approaches for companies that have ambitious sales goals and want to be more independent from external impact. The Berlin-based team with an airline pricing background is committed to combine the best of two worlds: pricing software and personal consulting.

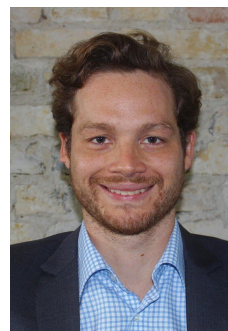
Contact us



Franz Blechschmidt

Co-Founder and Managing Director

franz.blechschmidt@smart-pricer.com



Fabian Hartmann

Senior Business Developer

fabian.hartmann@smart-pricer.com

Website: www.smart-pricer.com

LinkedIn: [Smart Pricer GmbH](https://www.linkedin.com/company/smart-pricer-gmbh)

Twitter: [@smartpricer](https://twitter.com/smartpricer)

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www.smart-pricer.com

Smart Pricer GmbH

Danziger Straße 27

10435 Berlin