

MANAGE YOUR PRICES: AN INTRODUCTION TO PRICING STRATEGY AND REVENUE MANAGEMENT

NOBLEVAL WILDLIFE PARK CASE STUDY

CASE DEBRIEF

There were many possible ideas to improve the revenues of the wildlife Park.

The current pricing structure is very simple: **only a simple third degree** price discrimination is implemented (prices for children), and an also quite simple quantity rebate (if you buy two days, you get a lower price).

Third degree price discrimination is not very efficient, as we have seen: children are the main targets of wildlife parks, so why offer them (their parents) discounts? This is really a debatable issue, but what matters most to visitors is the total price a family/group will pay. What matters most to the manager is the total amount he gets. In this respect, family tickets seem more efficient than children discounts. But we can do better than third degree price discrimination.

Let's apply the lessons learned in the course: you should propose to the manager to segment demand according to the willingness to pay of visitors. In order to identify different categories of visitors, you can differentiate your product, or use already existing differences.

In the end, what you are selling in **not a ticket entrance**, but 'happiness' or 'an experience with animals'. The segmentation and the pricing should then be based on the levels of 'happiness' or on the richness of the 'experience with animals'.

Existing differences

Obviously here, visiting the park includes a "**time of consumption**" dimension.

The days of the year are not equal in terms of what you offer: strolling in the park is nicer in summer than in winter. You could implement **seasonal prices**.

The days of the year are not equal in terms of demand: visiting in week-ends is easier for most working people and families with children going to school. You could implement **higher prices during the week-ends**, or alternatively, **lower prices during the week**; that is when you want to attract more visitors.

In general, lower prices in periods of low demand will attract customers, but the risk is to divert visitors from periods of high demand. You have to acquire a **good knowledge of demand** (you could

conduct surveys in order to know your visitors better). This also depends on your **capacity limit**, and how close you approach it during the week-ends or high demand periods.

Product differentiation

To improve your product, possibilities are nearly endless: new shows with naturalists, workshops for children, animal feeding shows... You have to assess whether visitors will value those and be ready to **pay more for a better product**. If all visitors do, you could increase the overall price and include those attractions in the visit. If only some visitors do, you could imagine new attractions that you have to pay for (photo sessions with animals, workshops for schools...). In all cases, costs have to be carefully balanced.

You may want to differentiate your product according to the **geography** of your park. You could have different zones, with different entry fees: zone 1 is €15, zone 1+2 is €25, zone 1+2+3 is €35, for example; the panda zone would be in zone 3, so you can access it only with the full menu.

You may want to sell **half day tickets**, or tickets with a **limited visiting time**. Each time, you should consider the effect on new and existing visitors. With a half day ticket, will visitors come more often for a shorter period, or will they come as often as before but pay a lower price? In the first case, you should implement the half day ticket, but in the other case, you shouldn't.

So, many ideas are worth exploring and combining, but in the end, before implementing those, you should **know your demand**.