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Overcrowded Weekends and Under-Leveraged Wednesdays

How the Indianapolis Zoo transformed its business model with dynamic pricing

Contributed by the Indianapolis Zoo and Digonex

It all started with orangutans.

In preparation for the 2014 opening of the new Simon Skjodt International Orangutan Center, Indianapolis Zoo President and CEO Michael Crowther knew he needed an innovative solution to a long-term challenge. Like many venues, the Indianapolis Zoo already experienced peak attendance on holidays and summer weekends. Management was concerned the anticipated demand surge in response to the new center could further exacerbate parking issues, long lines, and overcrowding, eroding visitor satisfaction.

“Facing those increasing challenges, we needed to find a way to manage crowd sizes and the number of people visiting the zoo before they even left their homes,” Crowther says.

Crowther believed a radical new pricing strategy—dynamic pricing—could be the solution. He created a task force of his senior management team and several key partners, including Gateway Ticketing Systems (the zoo’s ticketing platform) and Digonex (experts in the development of dynamic pricing solutions). The team worked together for several months to develop a comprehensive plan, which launched in spring 2014, several months in advance of the center’s opening.

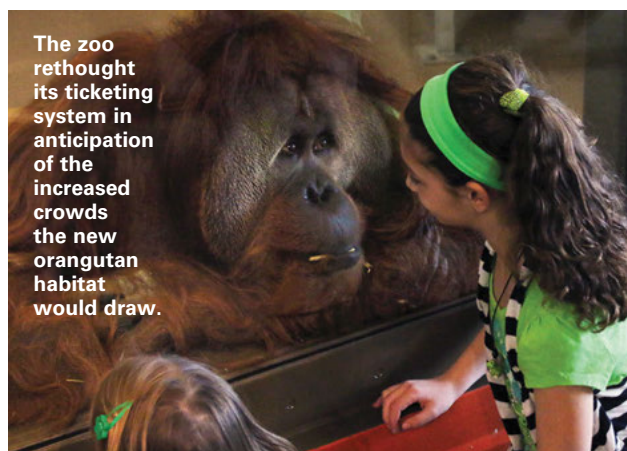
How Dynamic Pricing Works

Prior to 2014, the Indianapolis Zoo offered static, seasonally adjusted admission prices. Visitors could receive a modest discount by going online and purchasing advance tickets that could be used for any future date.

Since implementing dynamic pricing, every day has its own price based on several factors, including projected attendance for the day. New data on sales patterns and numerous other variables is collected daily and fed into a customized pricing algorithm that produces and sends updated price recommendations to the zoo.

Digonex oversees all data collection and analytical work, and while this system minimizes the day-to-day burden on zoo staff, the organization’s leadership still retains control over the pricing strategy. The daily pricing recommendations are reviewed through an easy-to-use web portal and then accepted, rejected, or modified as management deems appropriate.

As ticket sales increase for a given day, the formula gradually increases the price of admission, moderating



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demand for admission on a specific day. Compared to the static prices of \$10.95 per winter-season day and \$17.95 per summer-season day offered prior to 2014, admission prices now typically range between \$8.20 and \$29.95 over the course of the year.

What’s in It for Visitors?

Guests benefit from enhanced choices and flexibility. The Indianapolis Zoo posts the admission prices for each day of the year on an easy-to-read online calendar. This allows guests to pick what day to visit the zoo based on their schedule and the price they would like to pay. Those willing to pay a higher admission price to come on a more popular day will enjoy a better experience with more manageable crowds. Those able to visit on a less popular day will enjoy an equally great experience, often at a lower price than was available prior to the introduction of the new pricing structure. “Pick Your Day, Pick Your Price, Pick Your Package” is the tagline the zoo uses to communicate the system’s features to guests.

In addition, the system was designed to ensure that, once established, the admission price for a specific day will never go down. This gives guests confidence they will always get the best deal by purchasing admission online as far in advance as possible.

“The value proposition for the guest is the earlier you buy an online ticket, the less you’ll pay,” says Crowther. “The onus of education is on us, so guests understand our intention is to maximize their satisfaction by preventing overcrowding.”

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Three Key Points When Considering Dynamic Pricing

Moving from a static pricing system to a dynamic model can help increase guest satisfaction for many attractions. However, before making the shift, Indianapolis Zoo Director of Marketing and Public Relations Dennis Woerner suggests organizations consider these three key points:

1. Impact of Overcrowding on Guest Experience:

If you have concerns about giving the guest a quality experience due to overcrowding your attraction on weekends, then you need to consider the dynamic pricing model. This model moves attendance off weekends resulting in shifting attendance to weekdays or to shoulder seasons when the prices are lower. Price-sensitive visitors will purchase tickets at prices matching their comfort level. Those who are not motivated by price will visit when they wish, but dynamic pricing will allow those visitors to still have a quality experience by balancing attendance for all days.

2. Historical Attendance Patterns and Pricing:

Digonex suggested a range of prices based on our historical attendance and prices. Based on this information, we determined the lowest and highest price we considered acceptable. What we found was we could charge more than in the past because we also offered the lower prices. Dynamic pricing balances your prices along with attendance so that attendance is leveled out and revenues are maximized.

3. Membership Goals:

As you set prices dynamically, you need to review your membership goals. As the dynamic price for one-day tickets increases, a membership becomes a much better value. Your memberships will increase, so how much do you want member attendance to increase? Members tend to visit when they want. If they do visit on crowded weekends, they usually come during non-peak times, avoiding crowds. You may want to consider increasing membership prices so that you can continue to manage crowd sizes.

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All Prices Subject to Change Until You Lock Your Price In By Buying Online!

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1 Adult - \$14.95 Child - \$11.45	2 Adult - \$14.95 Child - \$11.45	3 Adult - \$14.95 Child - \$11.45	4 Adult - \$14.95 Child - \$11.45	5 Adult - \$18.20 Child - \$12.70
6 Adult - \$16.45 Child - \$12.45	7 Adult - \$18.20 Child - \$13.70	8 Adult - \$14.95 Child - \$11.45	9 Adult - \$14.95 Child - \$11.45	10 Adult - \$14.95 Child - \$11.45	11 Adult - \$14.95 Child - \$11.45	12 Adult - \$16.70 Child - \$12.70
13 Adult - \$15.45 Child - \$11.70	14 Adult - \$14.95 Child - \$11.45	15 Adult - \$14.95 Child - \$11.45	16 Adult - \$14.95 Child - \$11.45	17 Adult - \$14.95 Child - \$11.45	18 Adult - \$14.95 Child - \$11.45	19 Adult - \$16.45 Child - \$12.45
20 Adult - \$15.20 Child - \$11.45	21 Adult - \$14.95 Child - \$11.45	22 Adult - \$14.95 Child - \$11.45	23 Adult - \$14.95 Child - \$11.45	24 Adult - \$14.95 Child - \$11.45	25 Adult - \$14.95 Child - \$11.45	26 Adult - \$16.20 Child - \$12.20
27 Adult - \$15.20 Child - \$11.45	28 Adult - \$14.95 Child - \$11.45	29 Adult - \$14.95 Child - \$11.45	30 Adult - \$14.95 Child - \$11.45			

CURRENT PRICES FOR Tuesday, September 1, 2015

Total Adventure Package (TAP) Adult \$28.95
 Total Adventure Package (TAP) Child 2-12 \$25.45
 Total Adventure Package (TAP) Senior 62+ \$27.70
 Children under 2 are free

NEW WAYS TO SAVE
 • Advanced tickets always cost less.
 • Ticket prices will be higher at the gate.

The zoo's use of dynamic pricing allowed it to capitalize on underutilized days and protect the value proposition for guests who buy tickets early.

Results of Dynamic Pricing

The dynamic pricing program has proven to have tremendous impact, including:

- **Improved Visitor Satisfaction**—All customer satisfaction metrics tracked by zoo management improved significantly. All evidence suggests visitors adapted quickly to the new pricing model.
- **Successful Attendance Shift**—Dynamic pricing produced a meaningful attendance shift from peak weekend days to off-peak weekdays. Even with 20 percent growth in total annual attendance, the number of “overcrowded” days in summer 2014 declined by more than 70 percent versus the previous year.
- **Increased Revenue**—Combined admission revenue from all

sources—including admission and membership—increased by 33 percent during the summer season. Ancillary revenue streams also increased due to increased attendance.

- **Improved Community Accessibility**—Zoo management believes offering the opportunity to visit the zoo at a lower price on certain off-peak days has expanded its accessibility to the community.

The Indianapolis Zoo is now into the second year of its new pricing structure, and the results continue to be strong. “When we implemented dynamic pricing, all of our goals focused on meeting the needs of our visitors. Within that first year, we met every one of those goals,” says Crowther. “It looks like 2015 is going to be even better than 2014.” **FW**

About the Authors

The Indianapolis Zoo empowers people and communities, both locally and globally, to advance animal conservation. Located in White River State Park downtown, the Indianapolis Zoo is accredited by the Association of Zoos and Aquariums and the American Association of Museums as a zoo, aquarium, and botanical garden.

Indianapolis-based **Digonex**, a national leader in dynamic pricing, has clients including theme parks, major sports teams, retailers, cultural institutions, and entertainment companies. Digonex’s automated pricing solutions make use of dozens of parameters to continuously identify the sweet spot where prices follow perceived market value and generate maximum economic return for clients while providing fair prices for consumers. Contact JOwen@digonex.com for further information.