

# // YOUR MOST IMPORTANT DECISION - PRICING RESEARCH

“The single most important decision in evaluating a business is pricing power.”

- Warren Buffett, CEO, *Berkshire Hathaway*

While the overwhelming majority of AZA member organizations are not-for-profit, Warren Buffett’s observation remains applicable. It is a simple truism. While your organization likely earns revenues via many facets of its operation, there is no more important single channel than your front gate. Pricing is the most powerful lever for driving the operating margins of your zoo or aquarium. The difference between a thriving organization and one that’s “just hanging on” is often an effective pricing strategy. **Now is a critical time to review your admissions pricing, even if you have done so recently.**

## Introduction to Pricing Research

One of the most difficult decisions to make in marketing a zoo or aquarium is determining the optimal price for admission. The question is not to determine what visitors like, but rather what they are willing to pay, and how to identify balance between quantity and price that results in the best bottom line outcome.

Unfortunately, it’s not as simple as just asking. Given the choice between paying \$18.95 or \$22.95, they’ll naturally gravitate towards the lower price every time. That’s why it’s wise to seek counsel from a professional partner with expertise in formal pricing research to help you determine the optimal price of admission.

There are a variety of questions that organizations researching price are seeking to answer:

- **What is the highest price the consumer is willing to pay?**
- **What is the optimal price to maximize income through attendance?**
- **How does pricing impact attendance?**
- **How do real-life visitors value your product and express their preferences?**
- **How do we transform research into actionable strategies in the real world?**
- **What effects will pricing changes have on other aspects of our organization?**

There are many different price research strategies that we employ to answer these questions, and no single method is “best.” Each has appropriate applications depending on the context of the research, the type of organization, and the product being tested.

The quality and fabric of your survey panel is equally as important as the research methodology. When selecting a research partner, make sure to ask them about their sample acquisition strategy. Will they be surveying your house lists or the general population? House lists are less expensive, but by over-relying on them, you risk getting stuck in an echo chamber. General population lists (i.e. research respondents who aren’t already in your database) give you response without bias. They should be carefully weighted to match your market’s demographics, and need to be appropriately screened to filter out non-attractions visitors. That’s why we recommend a thoughtful mix of both house lists and general population panels.



## We've Done Our Research, Now What?

No matter what research method and panel structure you implement, at the end of your research you will be presented with results: a recommendation on the optimal price structure to reach your goals. But that's not the end of the line.

A change in price strategy has implications far beyond your front gate: it affects your membership program, your on-site experiences, your food and retail programs, and more. That's where you'll want to engage in projection modeling to measure these implications. An increase in price may lead to greater admission revenue, but what will it mean for your membership program? Will it make up for a potential decrease in food and retail spending? Your organization has a lot of moving parts, and they all affect one another. It's critical that you develop a holistic perspective on how changes in one area impact another, and make informed decisions that lead to optimal outcomes.

**Contact Zoo Advisors today at [ZOOADVISORS.COM/CONTACT-US](http://ZOOADVISORS.COM/CONTACT-US) to learn about how we can help you achieve your most powerful pricing strategies.**

## // OUTCOMES

Once you have research findings in hand, we'll take it to the next level by creating dynamic, multivariate scenario models to demonstrate the holistic impact of potential pricing changes at every level of your organization.

